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UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

REVIEW OF PROGRESS IN TRADE-FINANCE FACILITIES OF DEVELOPING COUNTRIES AT THE INTERREGIONAL, REGIONAL AND SUBREGIONAL LEVELS

Report by the UNCTAD Secretariat

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Acronyms and abbreviations

ADC/CAF	Andean Development Corporation
ADB	Asian Development Bank
AFREXIMBANK	African Export-Import Bank
ALIDE	Latin American Association of Financing Institutions for Development
ASACE	Agence Sénégalaise d'Assurances pour le Commerce Exterieur
ASEI	PT.Asuransi Ekspor Indonesia
ATFP	Arab Trade Financing Programme
BA	bankers' acceptances
BANCOLDEX	Banco Colombiano de Exportaciones
BANCOMEXT	Banco Nacional de Comercio Exterior
B of K	Bank of Korea
B Ekspor	PT Bank Eksport Import Indonesia
BICE	Banco de Inversión y Comercio Exterior, S.A. (Argentina)
BIMA	Sadharan Bima Corporation, Export Guarantee Department (Bangladesh)
BLADEX	Latin American Exports Bank
BMCE	Banque Marocaine du Commerce Exterieur
BNDES	Banco Nacional de Desenvolvimiento Economico e Social (Brazil)
BOT	Bank of Thailand
BOT	build, operate, transfer
BSP	Bangko Sentral ng Pilipinas
CABEI	Central American Bank for Economic Integration
CASCE	Compañía Argentina de Seguros de Crédito a la Exportación S.A.
CB	Central Bank
CEFS	Comprehensive Export Financing Scheme (Lesotho)
CGIC	Credit Guarantee Insurance Corporation of Africa, Ltd. (South Africa)
CIS	Commonwealth of Independent States
COFIDE	Corporación Financiera de Desarrollo, S.A. (Peru)
COMESA	Common Market for Eastern and Southern Africa
COMESEC	Compañía Mexicana de Seguros de Crédito S.A.
COTUNACE	Compagnie Tunisienne pour L'Assurance du Commerce Exterieur
CREDSURE	Credit Insurance Zimbabwe Ltd.
DBM	Development Bank of Mauritius
ECCB	Eastern Caribbean Central Bank
ECDC	economic cooperation among developing countries
ECGC	Export Credit Guarantee Corporation of India Ltd.
ECGS	Export Credit Guarantee Scheme (Pakistan)
ECICS	Credit Insurance Ltd. (Singapore)
ECIGD	Export Credit Insurance and Guarantee (Barbados)
EIFCS	Export insurance and Finance Corporation (Slovenia)
ESCAP	Economic and Social Commission for Asia and the Pacific
EU	European Union
EXCICO	Trinidad & Tobago Export Credit Insurance Co. Ltd.
EximBank	Export-Import Bank
EXIMJ	National Export-Import Bank of Jamaica Ltd.
FDI	Fondo de Développement Industriel (Haiti)
FINEXPO	Fondo de Financiamiento de las Exportaciones (Venezuela)
FODEX	Fondo de Desarrollo de las Exportaciones (Guatemala)
FOGAP	Fond d'aide et de garanties des crédits aux petites et moyennes enterprises
GEFC	Ghana Export Finance Co. Ltd.
HKECIC	Hong Kong Export Credit Insurance Corporation
IADB	Inter-American Development Bank
IAIGC	Inter-Arab Investment Guarantee Corporation
ICIIEC	Islamic Corporation for the Insurance of Investment and Export Credits
IFB	Investment Finance Bank (Malta)
IFC	International Finance Corporation
IMF	International Monetary Fund
IsDB	Islamic Development Bank
ITC	International Trade Center
ITFF	Interregional Trade Financing Facility
KEIC	Korea Export Insurance Corporation

KEXIM	Export-Import Bank of Korea
LAIA	Latin American Integration Association
LARF	Latin American Reserve Fund
L/C	letter of credit
LIBOR	London Interbank Offered Rate
MECGC	Malta Export Credit Guarantee Company Ltd.
MECIB	Malaysia Export Credit Insurance Berhad
MECOFIN	Mechanism for Confirmation and Financing of Letters of Credit and Imports
MERCOSUR	Southern Cone Common Market
MIGA	Multilateral Investment Guaranty Agency
n.a.	not available
NEXIM	Nigerian Export-Import Bank
NRB	Nepal Rastra Bank
OIC	Organization of the Islamic Conference
PAPECA	Programa de Apoyo a la Producción Exportable de Centroamérica
PHILGUARANTEE	Philippine Export and Foreign Loan Guarantee Corporation
PIC	Pakistan Insurance Corporation
PROEX	Banco do Brazil, Gerencia de Comercio Exterior
PT ASEI	Pt Assuransi Ekspor Indonesia
PTA	Preferential Trade Area for Eastern and Southern African States
RMA	Royal Monetary Authority (Bhutan)
RBI	Reserve Bank of India
RS	Reserve Bank
SAFICO	Andean Trade Financing System
SECREX	Compania de Seguro de Crédito a la Exportación (Peru)
SIBOR	Singapore Interbank Offered Rate
SLECIC	Sri Lanka Export Credit Insurance Corporation
SMEs	small and medium-scale enterprises
SWIFT	Society for Worldwide Inter-Bank Financial Telecommunications
T-EximBank	Export-Import Bank of the Republic of China - T-EximBank (Taiwan, Rep. of China)
UR	Uruguay Round
USAID	United States Agency for International Development
ZEP-RE	PTA Reinsurance Company
ZEXIM	Zambia Export-Import Bank

Foreword

1. At its first session, the Standing Committee on Economic Cooperation among Developing Countries requested the UNCTAD secretariat to review the progress in trade finance facilities of developing countries at the interregional, regional and subregional levels.[1] The Standing Committee also envisaged technical assistance activities based on the needs revealed by these studies. For this purpose, the Committee requested the UNCTAD secretariat to advise on national and regional trade-financing facilities.

2. Furthermore, at its second session, held in November 1994, the Standing Committee requested the secretariat to undertake consultations with regional development banks with a view to formulating and implementing a programme of technical and financial support for specific ECDC actions for trade financing.

3. At its third session, held in June 1995, the Standing Committee recognized trade financing as an essential facet of ECDC and urged that efforts be made on three fronts: to assist in developing and upgrading national and regional institutions so as to build up their institutional capacity and train their personnel; to mobilize the involvement of financial institutions such as development banks and export credit agencies in the promotion of trade financing - especially for non-traditional exports and small-scale enterprises; and to consider launching a process aimed at achieving multilateral credit arrangements among developing countries.

4. Following the above mandates, this survey analyses the recent trends in trade-financing facilities of developing countries. The term "trade financing" as used in the survey means export finance and related services such as insurance and guarantees. A trade-financing facility may be considered full-fledged from two points of view. First, it constitutes the institutional framework required to provide support to exporters, i.e. export financing, insurance and guarantee services. In developing countries, these services may be provided by one single-purpose institution (e.g. specialized trade-financing agencies) or a multi-purpose one (e.g. EximBank).

5. From this point of view, it implies a network of public and/or private institutions dealing with export promotion, including: (i) an export credit guarantee and insurance agency (normally official institutions) responsible for credit enhancement; (ii) the central bank (official institution) responsible for automaticity in the system, including refinancing of export loans; (iii) commercial banks (private and public institutions) responsible for financing export operations; and (iv) government-sponsored institutions in charge of export financing (e.g. EximBanks, specialized institutions). The concept aims to be a flexible one and involves various modalities based on the different financing mechanisms of developing countries (e.g. EximBanks, separate insurance/guarantee specialized schemes, etc). Based on this approach, it was found that 34 developing countries count on some form of full-fledged trade-financing scheme (see text table 1).

6. Second, the term full-fledged trade-financing facility can also be applied to those (national and/or regional) institutions that have shown a satisfactory performance. Accordingly, the following factors may need to be evaluated: (i) the extent to which the institution dealing with trade financing plays a major role in support of exports; (ii) the various programmes offered by the institution for local exporters; (iii) the volume of guarantees issued and sanctioned favoring export promotion; (iv) insurance services provided by the various institutions; (v) the cost of export credits, insurance and guarantees; (vi) the eligibility criteria for coverage of exports by the trade-financing institutions; (vii) the capacity of the institution to be present worldwide; and (viii) the possibilities of the institution to tap funds from international capital markets.

7. The latter is a more advanced method of evaluating performance. In view of the scarcity and lack of comparability of the information available, a good proxy for evaluating performance may be to consider the percentage of exports covered by the different schemes. Table 1 in the annex shows the level of export support, through export credit, guarantees on insurance, provided by the facilities of reporting countries.

8. In certain cases, the official export credit schemes cover a relatively high percentage of total exports. For example, facilities in Brazil, India, Peru, South Africa, Uruguay and Zimbabwe cover 10 per cent (or more) of the countries' total exports. These are perhaps among the highest percentages achieved by developing countries' trade-financing schemes (and exceed the coverage of some developed country institutions).

9. Having considered the criteria of performance, and on the basis of available information, it was found that at least 6 of the 34 countries considered to have comprehensive institutions also have full-fledged schemes from the viewpoint of exports supported.

Methodological and organizational aspects of the survey

10. In view of the recent developments in trade-financing institution-building, the changing international environment and the modernization of financial techniques, a process of consultation with trade-financing facilities in developing countries was conducted in 1994 and 1995. Questionnaires were sent

to approximately 140 national and regional institutions dealing with trade financing.[2]

11. The preparation of the report consisted of two phases. First, a comprehensive questionnaire was sent to national and regional/multilateral institutions[3] dealing with export financing, insurance and guarantees in developing countries (see the questionnaire in annex II). In addition to technical questions regarding the services offered, the questionnaire requested ideas on the problems encountered and how trade financing could be strengthened. Second, a summary of responses and draft tables were sent back to the respondents for further comments.

12. This report is unique, on account of both the in-depth information on relatively unknown countries and schemes and the demand-driven way in which the issues for prospective follow-up have been presented. In fact, it analyses in a systematic way the facts revealed by the responses to the questionnaires and the other publications received simultaneously. The summary of issues for practical follow-up action included in this report is based on priority concerns and proposals provided by the respondents themselves. Recommendations, as well as a discussion of policy and economic issues emerging from this survey, are to be published as another study. The countries and regional institutions whose experience is commented on in the survey are those that responded to the questionnaire sent to trade-financing schemes. There are some countries whose experience is not commented on in detail but whose ideas are most certainly taken into consideration, particularly in chapter III.

13. Furthermore, the survey also takes into consideration the work of different international institutions involved in trade financing, such as the Berne Union,[4] First Washington Associates, and regional institutions in Asia, Latin America and Africa. Finally, it contains results of the desk research carried out by the secretariat.

14. It was gratifying to receive such a large number of responses from participants, including information on the major bottlenecks encountered and proposals for enhancement. This may reflect their interest in the outcome of such an exercise. It may also be an acknowledgement of UNCTAD's long-term commitment to the issue of trade financing. Before the present survey, UNCTAD's work had been found useful in many areas dealing with technical assistance. The 1991 studies, for example, were used in an effort by the IFC of the World Bank to establish a trade-finance fund for selected developing countries.

15. The survey is divided into three chapters. Chapter I reviews the recent trends in trade financing at national and regional levels. Based on these findings, the chapter concludes that, despite developments both in institution-building and in the modernization of financial instruments and techniques, several countries still face difficulties in obtaining pre-shipment finance in foreign exchange, which remains at the core of their financial problems.

16. Chapter II analyses the cases of full-fledged trade-financing schemes and discusses their experience, which provides the basis for determining the needs of other countries. The chapter first discusses the progress achieved by well-functioning trade-financing schemes in developing countries and then raises the problems of those countries whose achievements are less advanced.

17. Of the trade-financing schemes analysed, the survey revealed that the cases of the Republic of Korea and India are the most advanced examples. India has several programmes to underpin the different stages of the export product cycle. It was also found that Latin American and African countries, as well as Arab countries, have achieved some progress in institution-building at both national and regional levels.

18. Chapter II also identifies the problems and major bottlenecks faced by developing countries in the area of trade financing, in particular the lack of appropriate banking networks, credit facilities, insurance and guarantee services and refinancing facilities; the inexperience of the banking system in the use of trade-financing instruments and in their lending practices; the inadequate legal and institutional frameworks; and the lack of information services and

raining opportunities. Chapter III provides a discussion of the issues involved
n trade financing, as proposed by the institutions themselves. Their priority
oncerns were identified and organized into a logical sequence so as to serve
s a basis for potential (demand-driven) UNCTAD technical cooperation.

I. RECENT TRENDS IN TRADE FINANCING IN DEVELOPING COUNTRIES AND THEIR GROUPINGS

19. One of the major problems of developing countries' trade is the lack of appropriate financing mechanisms. According to an earlier UNCTAD study published in 1991,[5] only 16 developing countries had full-fledged and specialized trade-finance institutions. In addition, in 56 countries, there was only a modicum of institutional capacity, usually lodged at the central banks, which, by their very nature, have other priorities and sometimes even conflicting objectives with regard to the requirements of trade financing.

20. In 1995, based on the findings of this survey, 34 developing countries could count on some form of full-fledged trade-financing scheme (see text table 1). This increase from 16 to 34 countries (including China, which has recently established an Export-Import Bank - EximBank) can be explained by the fact that the number of export facilities has increased and that the coverage of this survey is wider than the previous one. In addition, there are 13 regional development institutions identified as (potential) providers of export financing.

21. Text table 1 shows the existing comprehensive export-financing mechanisms in developing countries. The criteria used for including countries in this table are based on the following factors: whether the country counts on a network of public and/or private institutions dealing with export promotion, including an export credit guarantee and insurance agency or an EximBank; and whether export financing is backed by a central bank responsible for automaticity in the system, including refinancing of export loans, and commercial banks which are responsible for financing export operations. The classification aims at flexibility and involves various modalities based on a variety of financing mechanisms in developing countries (e.g. EximBanks, separate insurance/guarantee specialized schemes, etc).

22. The achievements of the export-financing mechanisms can be analyzed on the basis of various aspects such as: the institutional framework and degree of specialization developed by each institution, the structure and conditions of the schemes, and the instruments used and the amount covered by the different schemes vis-à-vis export volumes. Such an analysis is undertaken from the point of view of both developing countries and their regional groupings.

A. National trade-financing schemes

23. The basic features of national schemes vary greatly among developing countries. Some of them have established specialized institutions, whereas others still lack them. The terms of financing and the structure of financing also differ from country to country.

1. Institution-building and degree of specialization

24. Although trade financing generally needs improvement in the developing world, an increase can be observed in the number of trade-financing institutions, even in some smaller countries - for example, Costa Rica and Jamaica in the Latin American region. In addition, several countries have made efforts to improve their existing trade-financing schemes.

25. Existing trade-financing facilities in developing countries are mostly available through separate entities dealing with export financing, insurance and guarantees. Table 2 in the annex shows that some countries and territories have established EximBanks which, in some cases (China, Jamaica, Nigeria, Taiwan Province of China, Thailand and Zimbabwe), also deal with guarantee and insurance services.

Table 1
Export financing mechanisms in selected developing countries and territories

Country	Trade-financing agencies	Export credit insurance facilities	Export credit guarantee facilities	Support from Central Banks/commercial banks
Argentina	Yes	Yes	n.a.	n.a.
Bangladesh	No	Yes	Yes	CB/com bank
Barbados	n.a.	Yes	Yes	n.a.
China	EximBank	EximBank	EximBank	n.a.
Colombia	Yes	Yes	Yes	n.a.
Cyprus	n.a.	Yes	Yes	com.banks
Fiji	Yes	n.a.	n.a.	CB/com.banks
Ghana	Yes	Yes	Yes	CB
Hong Kong	No	n.a.	Yes	Com.bank
India	EximBank	Yes	Yes	CB/com.bank
Indonesia	n.a.	Yes	Yes	CB/com. bank
Jamaica	EximBank	EximBank	EximBank	CB
Korea, Rep. of	Yes	Yes	Yes	CB/com. banks
Lesotho	Yes	n.a.	Yes	CB
Malaysia	No	Yes	Yes	CB/com. banks
Malta	Yes	Yes	Yes	n.a.
Mauritius	Yes	Yes	Yes	n.a.
Mexico	Yes	Yes	Yes	n.a.
Morocco	Yes	Yes	n.a.	CB
Nepal	Yes	n.a.	n.a.	CB/com.banks
Nigeria	EximBank	EximBank	EximBank	CB
Pakistan	No	Yes	Yes	CB/com banks
Peru	Yes	Yes	Yes	n.a.
Philippines	Yes	n.a.	Yes	CB/com. bank
Singapore	No	Yes	Yes	CB/com bank
Slovenia	Yes	Yes	Yes	n.a.
South Africa	Yes	Yes	Yes	n.a.
Sri Lanka	No	Yes	Yes	CB/com bank
Taiwan Prov. of China	EximBank	EximBank	EximBank	CB/com bank
Thailand	EximBank	EximBank	EximBank	CB/com bank
Trinidad & Tobago	Yes	Yes	Yes	n.a.
Venezuela	Yes	Yes	n.a.	CB
Zambia	EximBank	EximBank	n.a.	n.a.
Zimbabwe	n.a.	Yes	Yes	CB

Sources: UNCTAD secretariat questionnaires; ESCAP: Regional Cooperation in Export Credit and Export Credit Guarantees, UN, New York, 1995.

26. A particular case is that of Cyprus, where financing needs for exports are, to a large extent, covered by the exporter's own funds and supplemented by credits obtained from suppliers. Thus, there is no specialized institution for trade financing. In general, financing provided by commercial banks is adequate. Furthermore, in 1974 the Government established the Export Credit Insurance Service (ECIS) which issues credit insurance to commercial banks in respect of financing for exports (basically post-shipment finance).

27. Regarding insurance services, recent examples include the provision of overseas investment insurance (India, Indonesia, Malaysia, Republic of Korea, and South Africa) which protects investments abroad. Whole-turnover (comprehensive) post-shipment insurance coverage is offered by the Development Bank of Mauritius, and a great number of schemes offer pre- and post-shipment insurance.

28. As concerns specialization in guarantee services, in India the Whole-turnover Packing Credit Guarantee (WTPCG) is used as a contract between the Export Credit Guarantee Corporation (ECGC) and the bank to which the guarantee is issued. It protects the bank from losses that might be incurred by granting packing credit advances to its exporter clients. The risks covered under the guarantee are: insolvency of the exporter, and protracted default by the exporter in respect of paying the amounts due to the bank. WTPCGs issued to banks differ from the Individual Packing Credit Guarantees in respect of the percentage of cover: 75 per cent in the case of the former, as against 66.66 per cent for the latter.

29. Similarly, in Malta, the bulk of the guarantees issued are of the whole turnover, short-term, post-shipment type which entails manufacturers covering their exports on credit terms for a period of up to 180 days from date of despatch. In addition, the coverage may be further extended to the pre-shipment period, thus covering manufacturers throughout the entire manufacturing cycle.

2. Structure and financial conditions

30. In line with the worldwide situation, export-credit agencies from developing countries offer mostly short-term credit. This contradicts their commitment to promoting development, which requires generous long-term financing. There are only some facilities which offer both medium- and long-term credits. For example, in Argentina, Brazil, Mexico, Morocco, Nigeria, Thailand, Venezuela and Zimbabwe, credit is offered for up to 5 or 8 years. In some cases, credit is offered for a period of 10 years, i.e. Colombia, South Africa and Taiwan Province of China. (See table 3 in the annex.)

31. In most cases, export financing is only offered for exports with local content - normally between 30 and 50 per cent. In the case of Malta, goods insured must have at least 15 per cent of national value added. The problem of many manufacturers from developing countries is their need for high imported contents in order to be able to produce the required quality and quantity of goods. Hence, applying the same rules as in developed countries would seriously handicap developing country producers and their regional cooperation. It may be necessary to lower the local content requirement or consider the inputs of regional partners as local value added. This would also contribute to promoting regional cooperation in line with the basic aim of this report, i.e. to strengthen economic cooperation in trade financing.

32. As regards interest rates, some countries use LIBOR (or SIBOR) plus a margin. Others use a different base rate (e.g. Thailand: EXIM prime plus a margin). In a great majority of developing countries, interest rates are fixed by Central Banks, which means that they do not change at regular intervals as required by the changing international context. Such fixed interest rates may include an element of subsidy. For example, the Reserve Bank of Fiji lends at 5 per cent to export-financing institutions. In the Republic of Korea, interest rates are currently fixed and credit ceilings are applied.

33. Fixed interest rates may benefit exporters who can make calculations over the long term, but the question then arises as to how to finance the difference

between the market rate and the fixed exchange rate. As the interest rate is determined by government agencies, it is basically the Government's responsibility to determine ways and means of ensuring financial backing. Moreover, as there is permanent overdemand for credits in the case of subsidized interest rates, it may also be necessary to apply credit ceilings to export financing, as at present in the case of the Republic of Korea. As the country plans to free interest rates in 1996, it may also phase out the credit ceilings.

34. Most agencies in developing countries insure commercial and political risks with a maximum of up to 80 to 90 per cent for each type of risk (see table 2 in the annex for details). Guarantees and collateral required may include export documents (L/Cs, other bank guarantees, etc.), as well as government guarantees.

35. Table 4 in the annex includes the amount of credit supported by the facilities of some reporting countries. In certain cases, the official export credit scheme covers a relatively high per cent of total exports. For example, official facilities from Pakistan, Sri Lanka and Tunisia cover 10 per cent (or more) of their total exports.

3. Export credit guarantee and insurance facilities

36. The coverage of various types of risk associated with export activities is an essential role of an export promotion scheme which may be performed by insurance and guarantee schemes. Although the difference between the two services is not always clearly defined, it is necessary to draw a distinction between the two.

37. Exporters usually require either a guarantee from the buyer or another institution (a commercial bank, central bank or an official export - national or regional - credit guarantee institution). Guarantees[6] imply that creditors can offload their paper (e.g. promissory notes, L/Cs, etc) to other financial institutions in the domestic market, thereby increasing the funds available for trade-finance institutions. Furthermore, they endow the guaranteed trade-finance paper with negotiability. Negotiable instruments can also be marketed on international financial markets such as the forfaiting market, thereby tapping external financial resources.

38. In insurance, the export credit insurance underwriter promises exporters to cover 100 per cent or part of the loss in case of default by foreign buyers. It is therefore his assessment of the creditworthiness of both the foreign buyer and the buyer's country which plays an important role in deciding whether or not the exporter will obtain compensation for a high or low percentage of the default risk. This means that only a transaction with a foreign buyer with a well-known and perfect payment history, headquartered in a low-risk country, will be insured up to 100 per cent.

39. As regards links between the two services, export credit insurance[7] is commonly linked to the availability of export credit finance guarantees. In some cases, credit insurers insist that the exporter insures the export sale as a prerequisite for access to guaranteed finance.

40. The availability of guarantee and insurance facilities varies throughout developing countries. In Africa, some countries have specialized facilities, such as the Credit Guarantee Insurance Corporation of Africa, Ltd. (GCIC) of South Africa, the Tunisian Company for Insurance of Foreign Trade (COTUNACE) and the Credit Insurance Zimbabwe Ltd.(CREDSURE), that provide both guarantees and insurance services.

41. In Asia, some agencies offer both services (insurance and guarantees): for example, the Export Credit Guarantee Corporation (ECGC) in India; PT Asuransi Ekspor Indonesia (PT ASEI) in Indonesia, T-EximBank in Taiwan Province of China, the Sri Lanka Export Credit Insurance Corporation (SLECIC) and the EximBank of Thailand.

42. Furthermore, Barbados, Brazil, Mauritius, Peru, Trinidad and Tobago and Slovenia have agencies performing the dual function, insurance and guarantees

(see table 1 above). The recently established Export-Import Bank of China appears to perform both functions.

43. According to available data on export insurance, the official export insurance schemes of India (ECGC), Peru (SECREX) and Zimbabwe (CREDSURE) cover more than 10 per cent of total exports. For details, see table 5 in the annex.

44. In some cases, regional trade-financing schemes have developed a system of guarantees and/or insurance that enables countries to support export financing. For example, the Inter-Arab Investment Guarantee Corporation (IAIGC) aims at providing guarantees against non-commercial risks for Arab investors. The Islamic Corporation for the Insurance of Investment and Export Credits (ICIIEC), established on 1 August 1994, provides insurance to member States of the Organization of the Islamic Conference (OIC). The role of these agencies is further commented on in section B of this chapter.

45. The reinsurance business represents another important issue in trade financing. In Africa, the PTA Re-insurance company (ZEP-RE) provides new opportunities for insurance companies in the region to obtain reinsurance services without diverting foreign exchange to foreign companies. Its main task is to foster insurance and reinsurance activities in the PTA subregion and to promote the growth of national, subregional and regional underwriting and retention capacity.

46. Views differ as to whether both insurance and guarantees should be provided by the same institution or by separate specialized ones. Some countries have a number of separate institutions that deal with guarantees and insurance, while others prefer a consolidation of these activities into one single institution. Moreover, some specialized trade-financing institutions (e.g. Eximbanks) have absorbed these services.

47. A separate institution dealing with guarantees and insurance services may provide several advantages. First, in order to have credibility, a financial institution must charge the guaranteed paper at 100 per cent against its capital. Second, in most developing countries, guarantee institutions must undertake their own rating, and their credibility depends on their independence. Finally, guarantees and insurance are specialized businesses distinct from trade finance.

4. New modalities and techniques in trade financing

48. Some developing country export credit agencies have gone beyond traditional pre- and post-shipment credits and now operate a wider range of facilities. For example, they offer a variety of barter and countertrade techniques and have also introduced more sophisticated mechanisms, turning to non-recourse techniques such as forfaiting and certain forms of investment loans.

49. Box 1 provides a checklist of possible instruments and techniques used in comprehensive trade-financing schemes.

50. Some export finance techniques have also been adopted by developing countries to fulfil the requirements of importing, among other things, capital goods; these are factoring and forfaiting.

51. In forfaiting - or *à forfait* transaction - the purchase of a debt is evidenced in a negotiable instrument, such as a bill of exchange or a promissory note from the creditor on a non-recourse basis; the aval is included in the negotiable instrument itself or takes the form of a separate bank guarantee. These guaranteed bills or notes are negotiable instruments which can be bought and sold by banks and other investors. The forfaiter can be a bank, finance house or discount company. For details, see box 2.

52. Three main regions are becoming the mainstay of forfaiting; Latin America, Central and Eastern Europe, and Asia. In the latter, China is extremely buoyant for forfaiters, and the Indian EximBank introduced the forfaiting scheme in India (14 forfaiting transactions for an aggregate of US$ 11 million were facilitated

Box 1
Export credit programmes in developing countries: checklist of instruments

Specialized export credit institutions are not identical. The following activities may be considered as a reference for establishing comprehensive trade-financing programmes

Facilities for local (exporting) entities:

. export (supplier's) credit
. finance for consultancy and technology services
. pre- and post-shipment export financing
. foreign currency pre-shipment credit
. discounting of export bills
. long-term financing for exports of capital goods
. finance for leasing companies
. import lines of credit
. export marketing finance
. export product development finance
. equity finance for overseas ventures
. import finance
. production equipment finance
. underwriting
. guarantee
. insurance
. forfaiting
. factoring

Facilities for (national and international) commercial banks:

. refinancing of term loans to export producers
. export bills rediscounting
. refinancing of export (supplier's) credit
. foreign currency pre-shipment credit
. guarantee cum refinancing of supplier's credit

Facilities for overseas entities:

. buyer's credit
. lines of credit
. equity investment in joint ventures abroad
. overseas investment finance

in one year covering exports to Ghana, Paraguay, Peru, South Africa, Sudan and the United Kingdom). In South-East Asia, credit packages are often required, and many of the players are well represented in the region, as they have a better idea of the risks involved.

53. **Factoring** (see box 3) is perhaps the fastest growing financial service at the international level. With international factoring, exporters can control the risks caused by the growing demand for open-account trading terms. Factoring is especially appropriate in servicing the needs of suppliers with high growth potential, since it can benefit from administrative economies of scale concomitant with such growth. In response to the particular demands of cross-border factoring, factors have organized themselves into correspondent networks or chains.

54. Factoring operations are penetrating new markets in Central and Eastern Europe and South-East Asia. For example, in Singapore, about 15 factoring houses are operative and four of them provide international factoring. Factoring is offered by commercial banks in Cyprus and the Export Credit Guarantee Corporation of India.

55. Some export credit programmes use modalities of export financing such as overseas investment credits that enable national companies to invest overseas in equity or provide loans for such joint ventures (credits of this kind are offered by export credit programmes in the Republic of Korea, Taiwan Province of China and India). Another modality is the import credit for imported machinery and inputs which are used for production.

Box 2
Forfaiting

Forfaiting entails the selling of promissory notes or bills of exchange issued by importers. The notes are endorsed by a commercial bank or by the central bank or Government in the borrowing country and are sold to a forfaiting company that carries all of the political risk with no recourse to the exporter in the event of the failure of the importer to make the due payments. It is a form of supplier credit, whereby the supplier offers credit terms to the buyer and then sells the debt to the bank without recourse.

Through forfaiting, exporters ensure the reception of payments at agreed times, with no recourse back to them in the case of buyer or political failure. In addition, exporters can receive up to 100% of the value of the receivables, and the financing is available to the exporter at a fixed rate.

Debt instruments used in forfaiting transactions include bills of exchange and promissory notes. A legal provision states that the drawer of a bill of exchange guarantees both acceptance and payment. Besides purchasing bills of exchange, promissory notes and other receivables, forfaiters tackle the commercial and political risks usually involved in this type of transaction through guarantees such as an aval, a formal letter of guarantee or a "burgschaft". The aval entails a simple form of guarantee; although there are not standardized terms for a formal letter of guarantee, it is generally agreed that it must be assignable and transferable so as to allow the forfaiter to trade the debt in the secondary market if so desired.

The following features are common to most forfait transactions:

- no recourse to the exporter;
- fixed-interest rate finance;
- guaranteed by a bank or other institutions;
- discounting of bills of exchange or promissory notes;
- not insured by an official export-credit agency or private insurance company.

56. Some examples of countries and territories carrying out overseas financing are India,[8] the Republic of Korea,[9] and Taiwan Province of China.[10] Regarding Import Credits, India relies on foreign currency lines of credit for imports that enable eligible export-oriented units to acquire imported machinery for export production; the Republic of Korea has made the import credit facility available to importers for the import of essential materials such as mineral ores, wood pulp, natural rubber etc., and Taiwan Province of China has medium- and long-term import credits which are provided specifically to finance sophisticated machinery, high technology and essential materials.

57. In the case of Islamic investors, the Islamic-finance type of modality may combine the principles of Shariah[11] with the requirements of international traders. In this case, the investor buys a commodity from a given supplier for cash and arranges a simultaneous sale to a third-party buyer on a deferred payment basis. The difference between the investor's purchase and the sale price represents his profit and corresponds roughly to interest on the base currency for a similar period.

58. Recently, there has been a steadily increasing use (including by developing countries) of financial engineering techniques to provide new forms of trade and investment finance, forms that carry lower risks and thus, involve lower costs than more traditional financing methods. These new financing forms, which cannot be discussed here in detail,[12] normally include collateral arrangements, escrow account arrangements, and price risk management elements. Some practical examples include: (i) the so-called special purpose vehicles that can be used to package assets (e.g. export flows of main commodities, or long-distance telephone call receivables), on the basis of which bonds are issued to a select public investor; (ii) firms or countries that could raise finance for, for example, importing essential inputs by pre-selling products, part of which will be produced using these inputs; (iii) the mitigation of repayment risks by clearly linking repayment obligations of, for example, an exporter to the prices realized for his main exports.

59. The settlement of financial obligations resulting from foreign trade can be handled in many ways. Payments can also be made by the importer's bank through an international clearing and payments system. Many large banks use the Clearing

Box 3
Factoring

Factoring implies the sale of receivables by an exporter. Assets are sold at a discount to a factoring company that assumes all commercial and political risks and has no recourse to the exporter in the event of the failure of the importer to make the due payments.

It involves a portfolio of complementary financial services which varies in degree of cost and complexity. The factor undertakes to assess the creditworthiness of existing or potential customers and offers up to 100 per cent credit protection which in agreed credit limits. In factoring, the client only deals with the local factor. Details of foreign customers are given to the local factor, who then selects the best correspondent factor to handle the client's business in the country of import. The overseas factor assesses the customers and offers up to 100 per cent protection within agreed credit limits. The client delivers goods and raises an invoice, with a copy sent to the local factor. This triggers the whole procedure. Finance is available for the local factor, and the sales ledger (held by both factors) is updated. On the due date, the foreign factor collects payments. Finally, the foreign factor remits funds to the exporting company via the local factor in the quickest possible way - i.e. SWIFT.

House Interbank System (CHIPS) to clear dollar-based obligations among themselves.

B. Regional trade-financing schemes

60. Given that trade financing at the national level is not always adequate, regional cooperation in the area of export finance, insurance and guarantees becomes a cornerstone bridging the existing gaps and represents an excellent means of providing linkages between national institutions and assisting in exchanges of information within regions. Furthermore, regional schemes (based on geographical, cultural and historical affinities) can pool risks and spread non-traditional trade risks over several countries, thus proving mutually beneficial to member countries. In addition, regional institutions find it easier to access international financial markets. When the importer's bank has an account with the exporter's bank, instructions are sent, usually through the Society for Worldwide Inter-Bank Financial Telecommunications - SWIFT[13] - to debit the account and transfer the proceeds to the exporter's account.

1. Institution-building in regional trade financing

61. The worldwide distribution of regional trade-financing schemes is uneven. Most of the schemes are concentrated in the Arab world and in Latin America. As yet, there is no operational regional scheme in Asia.

62. In the Arab countries, institution-building in trade financing has become a major priority. To this end, the Arab Trade-financing Program and the Inter-Arab Investment Guarantee Corporation (IAIGC, 1974), which also plays a leading role in the field of investment promotion, have been created. In the large region which covers all the member States of the OIC, the Islamic Development Bank (IsDB) is a major source of trade financing.

63. In the African region, efforts to foster institution-building are evidenced by a number of facilities. In the Common Market for Eastern and Southern Africa (COMESA) established in 1994, the PTA Bank, which has only recently begun operations, aims at offering various export-financing facilities. The PTA Reinsurance Company (Zep-Re) aims at reducing over-reliance on external reinsurance, saving foreign exchange, helping small economies with no capacity for individual reinsurance schemes, and providing efficient services and training. In addition, the Bank of Central African States offers trade finance to member countries.

64. The newly created African Export Import Bank - AFREXIMBANK - aims at promoting and expanding intra- and extra-African trade by means of a number of programmes designed mainly to encourage exports from African countries by financing, at a reasonable cost, the export of goods and services produced in Africa or containing significant value-added from the continent. See box 4 for

details.

Box 4
AFREXIMBANK

The purpose of the Bank is to facilitate, promote and expand intra- and extra-African trade. To achieve this, it carries out the following functions:

(i) Extends credit to eligible African exporters, in the form of pre- and post-shipment finance;
(ii) Extends indirect short-term credit, and where appropriate, medium-term credit, to African exporters and importers of African goods, through the intermediary of banks and other African institutions;
(iii) Promotes and finances intra-African trade;
(iv) Promotes and finances the export of non-traditional African goods and services;
(v) Provides finance to export-generating African imports with preference given to imports of African origin;
(vi) Provides insurance and guarantee services covering commercial and non-commercial risks associated with African exports;
(viii) Conducts market research and provides other auxiliary services aimed at expanding the international trade of African countries and boosting African exports.

As an international institution with full juridical personality and legal capacity to carry out its operations, Afreximbank has an initial authorized share capital of US$ 750 million divided into ordinary shares of us$ 10,000 each ranking pari passu in all respects. By end-February 1995, $353.6 million had been paid. There are three classes of shares: Class A shares, allotted up to a level of 35% of the issued capital to African States, the African Development Bank, African continental, regional and subregional financial institutions and economic organizations; class B shares, allotted up to a level of 40% to national financial institutions and African private investors; class C shares, allotted up to a level of 25% to international financial institutions and economic organizations, non-regional financial institutions and non-African or foreign public and private investors.

The types of financing facilities offered are: short-term trade transactions (pre-shipment export advances, post-shipment acceptances and advances), L/C opening/confirmation, guarantee facilities, and project-related financing, among others. These facilities are normally extended through eligible financial institutions, designated as the Bank's trade finance intermediaries (TFIs). Under certain circumstances, however, the Bank may lend directly to exporters.

Entities eligible for consideration for appointment as TFIs include Central Banks, export trading companies or export houses, commercial and merchant banks, national export credit agencies, export-import banks, regional financial institutions, and insurance companies. In addition, there are also eligible sub-borrowers (exporters and importers).

The financing ratio varies according to the type of facility: pre-export: 70% of the value of the underlying export contract; post-export: up to 80% of the value of the underlying export contract; L/C confirmation or refinancing: up to 100% of the invoice value; project-related finance: up to 100% of the invoice value of the equipment or raw material being imported.

Source: **African Export-Import Bank, "Guidelines for Extending lines of Credit to trade finance intermediaries (TFIs)".**

65. In Latin America, trade financing at the regional level has been carried out by the Latin American Export Bank (BLADEX), the Central American Bank for Economic Integration (CABEI), the Andean Development Corporation (ADC/CAF), the Latin American Reserve Fund (LARF), the Inter-American Development Bank (IADB) and the Eastern Caribbean Central Bank.

66. In addition to existing mechanisms, there are proposals to generate and accept trade-financing instruments (pre-export financing and discounting of trade-financing documents) in the context of the LAIA Clearing Mechanisms.

2. Features of regional trade-financing schemes

67. The main features of certain regional schemes are described below. The Arab Trade Financing Program (ATFP) aims to provide credit lines (pre- and post-shipment finance and buyer's credit) to Arab exporters through appointed national agencies (banks and other financial institutions) (see Box 5). Regarding the provision of guarantees, initially the Inter-Arab Investment Guarantee

Corporation (IAIGC) aimed at providing guarantee coverage for all operations financed by the Program. An agreement was signed between the ATFP and the Corporation to this effect. However, it turned out that the Corporation does not, at present, have the capacity to cover all ATFP's operations. The Program now deals with it on a case-by-case basis.

68. The ATFP conducts thorough risk analysis and, as a consequence, tends to accept guarantees from the following: certain Arab central banks; a number of national export guarantee agencies; and certain commercial banks. For insurance coverage, the ATFP also looks forward to co-operation with the newly established Islamic Corporation for the Insurance of Investment and Export Credit (ICIIEC) commented on below.

Box 5
Arab Trade Financing Program (ATFP)

The Arab Monetary Fund, in collaboration with other Arab financial institutions, established the Arab Trade Financing Program (ATFP) in 1989. It started its financing operations in 1991. The Program aims at promoting intra-Arab trade through the provision of refinancing facilities, in addition to services conducive to the enhancement of the volume of this trade.

The Program operates through national agencies designated by Arab countries. It provides these agencies with refinancing facilities that take the form of lines of credit. Refinancing covers post-export financing, pre-export credits and eligible imports. The periods of refinancing are determined by the Board of Directors and could extend up to 5 years depending on the goods in question. The ATFP lines of credit finance a wide range of items, including agriculture and food products, raw materials and intermediate goods, petrochemicals, manufactured consumer goods and capital goods.

69. The IAIGC also provides guarantees against commercial and non-commercial risks for export credits involved in the inter-Arab trading of goods and raw materials.

70. The aim of the Islamic Development Bank (IsDB) is to foster the economic development and social progress of member countries and Muslim communities in accordance with the principles of Shariah. The institution has three trade-financing schemes available where either (or both) the exporter and the importer are from the OIC's States. (See box 6 for details.)

Box 6
Islamic Development Bank's trade financing schemes

IsDB has, since its inception (1975), introduced three trade-financing schemes.

First, the Import Trade Financing (ITF) Scheme introduced in 1977 is a short-term financing scheme to be used in financing imports of a developmental nature.

Second, the Long Term Trade Financing Scheme (LTTFS) introduced in 1987 is a special fund within the IsDB with its own resources. It provides murabaha, or instalment financing (this means purchasing goods from the supplier and selling them on instalment to the buyer; a mark-up is figured into the instalment price) for non-traditional goods.

Third, the Islamic Banks' portfolio (IBP), is a trust fund aimed at mobilizing liquidity/savings of Islamic banks and financial institutions, and individuals, and channelling these funds towards the financing of trade between Islamic countries in accordance with the principles of Shariah.

IsDB's membership is composed of 45 countries. The basic condition for membership is to be an OIC member country. Financing is carried out on the basis of Islamic murabaha discussed above. In addition, IsDB is active in assisting member countries in promotion of their exports through workshops, seminars and exhibitions.

71. The Islamic Corporation for the Insurance of Investment and Export Credit (ICIIEC), established in August 1994, aims at enlarging the scope of trade transactions and the flow of investments among members of the OIC. (See box 7 for details.) It provides export credit insurance to cover the non-payment of export receivables resulting from both commercial (buyer) or non-commercial (country) risks and investment insurance against country risks. As for the other Islamic institutions, the Corporation provides insurance facilities in accordance with the principles of Shariah.

72. As regards the newly created AFREXIMBANK, this institution has been designed to provide African traders with the necessary pre- and post-shipment export credit, guarantee and insurance facilities. As of February 1995, seven loan commitments had been made totalling $29 million, most of which were for pre-shipment financing.

Box 7
The Islamic Corporation for the Insurance of Investment and Export Credit (ICIIEC)

ICIIEC is a subsidiary of the IsDB. It was established on August 1994 and started operations in July 1995.

ICIIEC offers the following facilities:
Insurance Programmes including:

- Comprehensive short-term policy (CSTP) covering commercial and non-commercial risks;
- Supplementary medium-term policy (SMTP), suitable for exports of consumer durables, capital and semi-capital goods, where credit extended to buyers exceeds two years with a maximum of five years. As with the CSTP, the SMTP adopts the whole turnover concept whereby all insurable export contracts are covered under one policy;
- Bank Master Policy, specially tailored to cover non-payment risks in connection with IsDB's and other Islamic banks' financing operations. It provides cover for export financing operations carried out in accordance with Shariah.

73. The Bank of Central African States supports trade financing through the following facilities: pre-shipment credit: "crédits de campagne", which are credits for the financing of seasonal activities, mainly the commercialization of agricultural products such as coffee, cotton and cocoa.

74. The Eastern Caribbean Central Bank provides export credit guarantees for pre-shipment finance and post-shipment supplier credit loans. In 1993, the ECCB disbursed around US$ 816.000 in pre-shipment credits and around US$ 824.000 in post-shipment credits (approximately 80 per cent provided by locally-owned commercial banks and 20 per cent by international banks). Box 8 gives details on the type of financing facilities offered. Plans are afoot to implement export insurance to the export sector.

75. BLADEX[14] - see box 9 - specializes only in trade financing. The total credit portfolio (US$ 4.5 billion as of 30 June, 1995) is concentrated (74 per

Box 8

Eastern Caribbean Central Bank (ECCB): trade financing facilities

Type of financing facility	Status of institution	Origin of funds	Eligibility criteria and coverage	Guarantees required	Maturity Period	Rate of interest
Pre-shipment finance	Central Bank	Commercial banks	Exporter, 12 months	80% L/C	180 days	Prime plus 1%
Post-shipment supplier credit loans	Central Banks	Commercial banks	Exporter, 12 months	80% L/C	180 days	Prime plus 1%

Source: ECCB.

cent) in the three major Latin American economies (Brazil, Mexico and Argentina, which account for 70 per cent of the regional GDP). This credit portfolio covers approximately 2 per cent of regional exports.

76. In spite of the unfavourable financial situation linked to the crises of

the Central American region, CABEI[15] has expanded its lending operations and disbursements since its establishment in 1961. Recently, the Bank's financial situation was strengthened thanks to external support and the inclusion of two new extra-regional partners - China and Venezuela. The Bank will benefit from the recent international initiatives in support of the Central American subregion, particularly from the European Union (EU) and the IADB. Based on these efforts, the institution should be able to keep its financing programmes for investment and maintain its other credit modalities by using other sources of funding such as the Special Fund for Export Promotion supported by the EU. Between 1961 and the end of 1992, it lent US$ 1731 million.

77. Established in 1970, the Andean Development Corporation (ADC/CAF) - see box 10 - provides the following types of export credit facilities: pre-shipment

Box 9
Latin American Exports Bank (BLADEX)

BLADEX is a specialized multinational bank that initiated operations in 1979 in Panama

Objectives: The Bank aims to provide short-term pre- and post-export financing at competitive rates, mainly to shareholder banks for use by them in on-lending to exporters. BLADEX's credit activities also include the financing of imports originating in countries of the region, as well as countries outside the region, if they contribute to generating future Latin American exports.

Shareholders are central banks or their designated official institutions, Latin American and international commercial banks, and the International Finance Corporation (IFC) of the World Bank.

Lending policies: BLADEX grants credits denominated in US dollars to its Latin American shareholders - mainly Central Banks and commercial banks - and occasionally to state-owned exporting institutions.

Funding: To supplement its own capital and reserves, the Bank funds its activities with inter-bank deposits, short-term credit facilities and term obligations issued in regional and international markets. Suppliers of funds to BLADEX include central banks of Latin America and Europe, state-owned and private Latin American banks, international banks, and governmental and international agencies.

The IDB has an arrangement with BLADEX whereby it purchases acceptances created by BLADEX, the purpose of such an arrangement being to assist in the development of a market for regional bankers acceptances.

As of 30 June 1995, the total credit portfolio was US$ 4.495 million, while outstanding gross loans were US$ 3.941 million - excluding L/C, guarantees and customer liabilities under acceptances which totalled US$ 554 million. Approximately US$ 3.796 million, or 84%, were outstanding to borrowers in five countries: Brazil (33%), Mexico (23%), Argentina (18%), Peru (5%) and Colombia (5%).

and post-shipment financing, and both supplier and buyer credit, all of them denominated in US dollars and for a period of up to 180 days (disbursements amounting US$ 1,210.7 million in 1993). In addition, ADC/CAF is also active in indirect financing for the banking (intra and extra-subregional) sector. By November 1994, this type of financing had reached US$ 412 millions. The fact that it is the first Latin American bank to receive an investment grade rating from, for example, Moody's, Standard & Poor's, makes ADC/CAF unique. Thanks to this grading, ADC/CAF has been one of the most successful Latin American issuers in the international capital markets[16].

78. The ADC/CAF offers trade financing through its autonomous agencies, the Andean System for Trade Financing (SAFICO) and the Mechanism for Confirmation and Financing of Letters of Credit and Imports (MECOFIN), and also offers technical cooperation in institution-building, with particular emphasis on enhancing export credit banks in the region. ADC/CAF also offers credit lines to banks dealing in trade financing (e.g. Banco Colombiano de Exportaciones - BANCOLDEX). In 1993, ADC/CAF launched its programme of share participation in private enterprises of member countries and the guaranteeing of bond issues.

79. The Inter-American Development Bank (IADB) provides export-financing support to Latin American countries - on a national and regional basis - in their efforts to open up their economies in order to achieve fuller integration

Box 10
Andean Development Corporation - ADC/CAF -

ADC/CAF is a multilateral, supranational, financial institution whose shareholders are the member countries of the Andean Group (Bolivia, Colombia, Ecuador, Peru and Venezuela) as well as Mexico and Chile (extrasubregional members) and several private commercial banks of the Andean region. Operations began in 1970. In August 1992, Chile, which was one of the original CAF subscribers, re-entered the institution. The Agreement establishing this grouping was adopted on 7 February 1968.

ADC/CAF's purpose is to foster and promote economic integration and development within the Andean region by the efficient use of financial resources in conjunction with both private and public sector entities. ADC's primary lines of business include project finance, foreign trade finance and regional development banking and promotion. Within the Andean region, CAF provides significant facilities both to strengthen trade and to assist companies in accessing world markets, through SAFICO, an export finance system, and MECOFIN, a mechanism for financing and confirming documentary credits.

For the year ending 31 December 1993, total authorized capital was US$ 2,050,000,000 and subscribed capital US$ 1,826,225,000. The institution applies commercial standards for credit approvals and has comprehensive risk assessment and credit-policy procedures. To fulfil the financial requirements, ADC obtains long- and short-term funding from a variety of sources, such as commercial banks, export-credit agencies and the IADB, which are located mostly in OECD countries and within the Andean Region. It has traditionally been known for its loan-loss record and its timely payments with respect to its own obligations.

into world markets. The IADB finances exports through programmes using its own resources (ordinary capital) and resources from the Venezuelan Trust Fund. From 1961 to end-1994, the accumulated amount of credit approved by the IADB totalled US$ 1.257 million.

80. Co-financing activities of the IADB comprise the following: the use of funds under its administration as additional sources of financing; guaranteeing in whole or in part loans made by private lenders; joint financing with a co-lender for the financing of the same components of a project and through parallel financing in which the IADB and a co-lender make separate loans for the same programme or project but each loan finances goods and services of a different component of the project or programme.

3. Prospects for the future

81. The IADB launched a "Proposal for the establishment of a regional network of Export Credit Rediscount Facilities - ECRFs -to provide pre- and post-shipment export financing for the short, medium and long term".[17] The proposal aims at providing a complementary financial mechanism that will involve: (a) establishing a credit mechanism to enable Latin American exporters to offer trade-financing on competitive financial terms; (b) establishing a market-driven trade-financing mechanism enabling Latin American countries to refinance their credit operations in international markets; (c) on the basis of the available resources, contributing to an increase in the share of Latin American countries in world trade and encouraging both interregional and intraregional trade; and (d) contributing to efforts carried out by the IADB to promote the role of the private sector in the Latin American economies. The implementation of this network would depend on the clarification of certain features, including the financing resources obtained by the IADB, so as not to affect other regular programmes carried out by this multilateral organization.

82. The Latin American Reserve Fund's (LARF) mechanisms for export financing encompass discounting of banking acceptances with Latin American regional organizations, a new facility consisting of credit lines that can be used by commercial banks for export financing to member countries, and the availability of advances aimed at solving temporary treasury requirements. (See box 11.)

83. In 1992, LAIA launched a proposal to channel trade-related international payments through the Payments System. This would support intraregional exporters in the pre-shipment phase. It would imply improved financial relations among private banking institutions in line with the Reciprocal Payment and Credit

Agreement, which stipulates that any direct operation of any type among residents of member States may be channelled through the System. In addition, the Financial Discounting of trade documents originating from transactions previously channelled through the System provides funding for exporters with the guarantee of the LAIA payments arrangement. It is incorporated in the internal regulations of selected member countries but is not applied by other members.

84. Perhaps as a result of the existing national schemes, the Asian region does not yet possess a regional facility in support of export credit, guarantee and insurance. The Asian Development Bank (ADB) has concentrated efforts in the area of project financing.[18] Nevertheless, given that the institutional infrastructure currently available at the national level reveals functional and financial gaps, ESCAP has proposed an Export Credit Guarantee Facility (ECGF)[19] at the regional level. This regional agency will cover the ESCAP region, effectively link national institutions of member countries and reinforce them.

Box 11
Latin American Reserve Fund (LARF)
(former Andean Reserve Fund)

The Latin American Reserve Fund (LARF), established as per the Articles of Agreement signed in Lima, Peru, on 10 June 1988, began operating on 12 March 1991 and is open to all LAIA members. After the LARF Agreement has been in effect for ten years, the Assembly of Representatives will consider the possibility of admitting other Latin American countries as members.

LARF's objectives are: (a) to support member countries' balance of payments by granting credits and providing backing for them to obtain loans from third parties; (b) to support member countries in harmonizing foreign exchange, monetary and financial policies by helping them to fulfil their commitments within the framework of the Cartagena Agreement and the Montevideo Treaty of 1980; (c) to enhance the liquidity of their international reserves investment.

LARF loans in support of balance of payments are granted for a maximum of four years, with a one-year grace period, at interest rates comparable with those offered by commercial banks. The principal benefit that member countries derive from using LARF's resources is probably that of rapid access to a source of financing and to a greater amount of resources than they can contribute.

The main source of LARF's resources is its own assets, with which it covers most of its outlays. A second sources is deposits made by the member countries' central banks. In return LARF offers higher returns compared to those available in international financial markets. For the central banks, LARF represents an attractive alternative as a source of investment of their international reserves.

LARF's mechanisms for export financing comprise: (i) discounting of banking acceptances with Latin American regional organizations. In this regard, a new agreement was concluded with BLADEX and the ADC. Up to June 1994, the amount of these operations totalled US$ 537.4 million; (ii) a new facility established in March 1992 which offers credit lines that can be used by commercial banks for export financing to member countries. Since September 1993, this service can also be used by non-LARF member countries. The new facility also strengthens LARF through portfolio diversification and is based on market conditions and competitive market interest rates. It finances exports both for pre- and post-shipment for up to 180 days. This facility entered into operation in mid-May 1992; up to June 1994, credit lines offered by LARF totalled US$ 780.5 million. Its utilization since the first transactions involves amounts totalling US$ 2.161.8 million; (iii) the availability of advances aimed at solving temporary treasury requirements consisting of a US dollar-based instrument, maturity period 180 days and interest rate LIBOR plus a financial margin, guaranteed by first class instruments. Up to June 1994, approximately US$ 31.6 million had been serviced through these transactions.

85. The facility would aim at facilitating exports from the ESCAP region by means of export credit and export guarantee mechanisms; enabling exporters to compete better in overseas markets; facilitating the diversification of the export basket of ESCAP less developed countries; acting as a catalyst in intra-regional and inter-regional trade of ESCAP countries; and providing a range of ancillary services such as advisory and institution-building services to national agencies/organizations in related fields.

II. FEATURES OF COUNTRIES WITH FULL-FLEDGED TRADE-FINANCING SCHEMES AND OTHER CASES

86. This report has surveyed selected cases of comprehensive facilities of various export-financing schemes from whose experience lessons can be learned. Other cases have arisen where trade-financing problems and bottlenecks have momentarily prevented the achievement of such comprehensive facilities.

A. Features of full-fledged schemes

87. Several features may be considered when a comprehensive trade-financing scheme is to be analyzed. One of these is the presence of commercial banking in export financing. For example, in India, Indonesia, Malaysia, Morocco, Sri Lanka, Thailand and Tunisia, loans from commercial banks cover more than 10 per cent of total exports. These cases are, however, exceptional. In general, developing countries cannot count on advanced official schemes or banking networks to promote exports.

88. Another feature of comprehensive schemes is the availability of insurance services. The cases of India, Peru and Zimbabwe have been highlighted in section I.A.3. A third aspect of full-fledged services regards the availability of refinancing for export loans. Such services cover more than 10 per cent of total exports in Malaysia, Mexico, Pakistan, the Seychelles and Tunisia (see table 6 in the annex). This means that these countries depend on a mechanism for accelerating export receipts.

89. In terms of co-financing and guarantees, a fourth feature of comprehensive schemes, there seems to be a lack of exhaustive information. There are only three cases of co-financing (Costa Rica, Indonesia and Venezuela) and five cases of guarantees (India, Pakistan, Philippines, Sri Lanka and Taiwan Province of China) mentioned in the responses. This may be due to the nascent stage of such mechanisms in developing countries. For details on refinancing, co-financing and guarantees, see table 6 in the annex.

B. Country experiences

90. With respect to individual country experiences, trade-financing schemes in the different countries vary in their of comprehensiveness.

91. In Latin America and the Caribbean, various countries have developed full-fledged trade-financing schemes (Argentina, Barbados, Colombia, Jamaica, Mexico and Venezuela). Ecuador has the Export Promotion Fund, and the other countries have developed separate facilities. In Bolivia, for example, the national financing system can guarantee the availability of credit lines to exporters, but it needs flexibility of financial conditions.

92. The Export-Import Bank of Jamaica (EXIMJ), established in 1986, offers a full range of financial programmes, despite the small size of the country. Furthermore, it has been an innovator in the establishment of certain financing facilities, for instance the Bankers' Export Credit Facility (BECF) and the Export Credit Facility (ECF). The main difference between them is the method of guarantees. While financial support from the BECF is channelled through commercial financial institutions based on their guarantee, funds from the ECF are disbursed to clients, who provide security directly to EXIMJ. In addition, the Small Business Discount Facility (SBDF), established in 1989, represents EXIMJ's contribution to the drive to stimulate entrepreneurial activities that would boost export earnings and create employment opportunities for Jamaica.

93. EXIMJ's activities at the international level include: participation in the Berne Union's activities; participation in the efforts by Sri Lanka in the early 1980s to improve cooperation among developing-country export credit agencies; leading an attempt to improve export finance links among Caribbean nations; and being a founding member of the Dakar Union[20] of African, Caribbean and Pacific export credit agencies.

94. In Mexico, the Banco Nacional de Comercio Exterior (BANCOMEXT) is responsible for promoting supplementary export financing, with particular emphasis on small and medium-scale enterprise and potential exporters. It operates as a bank at the first level by directly financing exporters through its network of offices, and, at the second level by conducting export support operations through commercial banks. BANCOMEXT's financial instruments to support exports include an "export card" aimed at giving immediate access to financing for working capital and for the purchase of machinery and equipment by exporting firms, factoring, leasing, financing of export portfolios with resources obtained abroad and financing of imports needed by exporters. It also undertakes promotional activities (e.g. international events, commercialization, training, strategic studies).

95. In Africa, experience in trade-financing institution-building is reflected in the EximBanks established by Nigeria and Zambia. The Nigerian Export-Import Bank (NEXIM), established in 1988, performs both export financing and insurance/guarantee support for Nigerian exporters. It reinsures its risks through private, foreign-based companies. The Zambian Export-Import Bank (ZEXIM) finances medium- and large-scale industry, especially manufacturing and agriculture, by mobilizing foreign exchange loans from external sources for re-lending to investors. It is worth mentioning that, in 1993, ZEXIM received the support of the EU to strengthen the Government's policy of providing a full range of credit to the productive sector.

96. Trade-financing institution-building in Asian countries is perhaps the most advanced amongst developing countries. In most Asian countries, trade financing relies on the banking system and the existing commercial banking network to cater for the needs of the exporter.

97. Refinancing is generally available to commercial banks from their respective central monetary authorities. The Central Banks of Singapore and the Republic of Korea provide refinancing to commercial banks for short-term export credit. In Malaysia, Thailand, India and Pakistan, export refinance programmes are operated by their respective central banks. In Hong Kong, export credit is dealt with by the licensed commercial banks.

98. Each Asian country has its own experience in trade financing and has undertaken different measures to strengthen its methods of export promotion. Specialized trade-financing schemes exist in China, India, Indonesia, Malaysia, Republic of Korea, Singapore, Thailand, and Taiwan Province of China (see table 1 above).

99. India's trade-financing scheme is one of the most comprehensive schemes among developing countries, and there are various agencies involved in the provision of credit to the export sector: the Reserve Bank of India (RBI), commercial banks, the Export-Import Bank of India and the Export Credit Guarantee Corporation of India (ECGC) (see box 12 for details).

100. The RBI offers refinancing to commercial banks against their outstanding export credits. It enhances the bank's liquidity and facilitates the financing of revolving loans. However, it does not provide, at present, a rediscounting facility, which would imply more involvement in commercial risks.

101. Based on its experience, the EximBank of India has signed a cooperation agreement with the African Management Services Company, Amsterdam, to sponsor Indian consultants in undertaking assignments for private-sector companies in sub-Saharan Africa to rehabilitate and expand their businesses. Furthermore, it has completed a consultancy assignment for Bank Industri Malaysia Berhard aimed at establishing the Malaysian EximBank.

102. In Indonesia, three institutions are basically involved in export financing: first, Bank Indonesia (Central Bank), which conducts the current export financing/refinancing scheme (to be phased out in the late 1990s on the grounds of its being inflationary and an unnecessary subsidy to exporters); second, commercial banks (state commercial banks, private national commercial banks) and development banks (state and regional development banks), which are

Box 12
The experience of the export-financing, insurance and guarantee schemes in India

In India, the agencies involved in the provision of export financing are: the Reserve Bank of India (RBI), commercial banks, the Export-Import Bank of India (EximBank) and the Export Credit Guarantee Corporation of India (ECGC).

Commercial banks handle short-term export credit in the form of direct credit. The cost of export credit, the interest subsidy payable to banks and the availability and cost of finance are determined by the Reserve Bank of India (RBI).

As part of recent liberalization measures, the RBI has introduced a refinancing programme for commercial banks under which it refinances commercial banks for post-shipment credit denominated in foreign currency (PSCFC) that the latter provide to exporters.

In 1982, the Export-Import Bank of India took over operations relating to export financing which the Industrial Development Bank of India (IDBI) had been handling since 1970. The EximBank of India is a full-service institution offering comprehensive support services to promote foreign trade.

EximBank promotes Indian exports through a variety of programmes which are tailored to meet the needs of different customer groups, namely Indian entities, overseas entities and commercial banks. Indian exporters can obtain investment loans, export-product development loans, loans for export marketing, pre-shipment credit, supplier's credit for exports of projects, products and consultancy. Indian companies can also take advantage of facilities such as forfaiting, underwriting of issues and bridge loans, import finance through lines of credit from other export credit agencies, and bulk import finance for import of raw materials and intermediates. Equity finance is available for acquiring or setting up companies abroad for manufacturing, marketing, trading, warehousing, leasing and other services. Indian companies collaborating on technology, particularly with EU companies, can obtain concessional finance through the Bank. Foreign Governments and banks can obtain buyer's credit and lines of credit. Refinance to commercial banks is extended by way of supplier's credit, foreign currency pre-shipment credit, as well as term loans to export-oriented units. In 1994-95, the EximBank intensified its advisory services to Indian companies to integrate with the world economy. In this regard, it opened offices in Hungary and another in the Commonwealth of Independent States (CIS).

Export credit insurance, as well as guarantee coverage, is assured by the Export Credit Guarantee Corporation (ECGC) established in 1957. The existence of specialized institutions ensures the availability of export financing to all different sectors of the economy. Currently, ECGC has six schemes under which it provides export credit guarantees.

major providers of pre- and post-shipment financing; Bank Export-Import, a commercial bank, offers working capital export credit to Indonesian exporters, both domestic and foreign; third, a new state company, PT Asuransi Ekspor Indonesia (PT Asei), established in 1985, which is responsible for export credit guarantee; it provides a significant amount of pre-shipment finance guarantees to banks, thereby underwriting risks involved in non-payment by overseas buyers. The Central Bank rediscounting facility in Indonesia provides rediscounting of export earnings.

103. In the Republic of Korea, there is an organized export financing system represented by the following institutions: Bank of Korea (BOK - the Central Bank), the Export-Import Bank of Korea (KEXIM), the Korean Credit Guarantee Fund (KCGF), which covers guarantees, the Korean Export Insurance Corporation (KEIC), that offers insurance and guarantees, and a network of commercial banks. (For details see box 13.) The Export-Import Bank of Korea has a guarantee scheme to be used when foreigners (including financial institutions) provide export financing.

104. In Pakistan, trade-financing facilities seem to be well served. Commercial banks, both local nationalized banks and foreign banks operating in Pakistan, are the main sources of short-term credit, while longer-term financing is carried out by the development finance institutions.

105. Among these institutions, the Export Credit Guarantee Scheme (ECGS), wholly-funded by the Federal Government, deals with export credit guarantees. The day-to-day management of ECGS is entrusted to the Pakistan Insurance Corporation (PIC), a public-sector insurance company. In addition, in order to encourage exports, the State Bank of Pakistan introduced an Export Refinance

Box 13
The export financing system of the Republic of Korea

In the Republic of Korea, the BOK rediscounts short-term export financing extended by banks. Foreign exchange banks provide pre- and post-shipment export credit to all exporters who do not belong to a business group.

KEXIM is a government financial institution established in July 1976 for medium- and long-term export financing. It has three channels of credit for financing medium and long-term exports: export loans to domestic exporters, direct loans to foreign buyers and relending facilities. The latter are offered to creditworthy financial institutions to finance the purchase of Korean capital goods.

KEIC, established in July 1992, has taken over KEXIM's export insurance and guarantee business. Under the Export Credit Bank Guarantee Scheme, KEIC provides repayment guarantees to banks which extend credits to exporters.

The Korean Credit Guarantee Fund (KCGF), wholly-owned by the Government of the Republic of Korea, offers guarantees to banks of advances made by them to exporters and non-exporters for working capital requirements and offers non-financial assistance. It is aimed at assisting SMEs under their guarantee to develop management skills, increase productivity, improve quality and develop technology.

Scheme (ERS)[21] in 1973.

106. The Philippines has set up a set of institutions to deal with trade financing: first, the Bangko Sentral ng Philipinas' (BSP) rediscounting facility, open to all priority sectors, including the export sector and most particularly to direct exporters; second, commercial banks that offer both pre-shipment and post-shipment credit facilities to exporters; third, special credit programmes supported by the BSP or other institutions which are designed to meet requirements of specific sectors such as exporters of small and medium-size enterprises; fourth, the Philippine Export and Foreign Loan Guarantee Corporation (PHILGUARANTEE), which is a Government-owned corporation created in 1977; PHILGUARANTEE aims at providing export credits, insurance and guarantees. Its purpose is to promote and facilitate the entry of foreign loans into the country for development purposes, with special regard to the needs of export-oriented industries; it also provides guarantee coverage (i.e. the General Guarantee Facility for Medium and Large Industries and the Pre-shipment Export Finance Guarantee Programme); fifth, the Guarantee Fund for Small and Medium Enterprises (SME), established in 1984, which provides participating banks with a rediscounting facility for loans under the programme; and finally, the Small Business Guarantee and Finance Corporation, which is mandated to provide guarantees and offer direct lending.

107. PHILGUARANTEE is exploring the feasibility of offering guarantees on, as well as extending, term loans to SMEs for fixed-asset acquisition and plant expansion. In addition, it plans to extend export credit insurance to cover the risk of non-payment by foreign buyers to Philippine's exporters.

108. The export finance system in Thailand had, until recently, relied mainly on the central bank's (Bank of Thailand) refinancing mechanism for short-term export credit at the pre- and post-shipment stages. In early 1994, the EximBank[22] was established and may take over refinancing operations. The major purveyors of export credit in Thailand are commercial banks refinanced by the Central Bank. The refinancing duties of the Bank of Thailand may be assumed by the EximBank.

109. The Viet Nam Export-Import Commercial Joint-Stock Bank (EximBank) is a commercial joint-stock bank specializing in monetary and credit business and banking services in compliance with the policies of the central monetary authority. It is not, stricto senso, an EximBank involved in the support of trade financing.

110. In Bangladesh, the central bank (Bangladesh Bank) monitors export credit policy. Trade financing consists almost entirely of bank lending based on, among others, credit-based market acceptances and commercial papers. The central bank is working towards gradually bringing such a market into existence; it also pursues a market-oriented credit policy with no sectoral lending ceilings or

targets. Prudential guidelines have been issued by the central monetary authority concerning asset classification, provisioning, capital adequacy, large exposure and insider lending. Currently, there are approximately 24 commercial banks, including international banks, which deal with export credits. Export guarantees are handled by Sadharan Bima Corporation, a Government-owned agency.

111. In China, the Government-sponsored Export-Import Bank of China was established in July 1994. The Bank offers supplier credits, export credit guarantees and insurance. During the first operational year, ending on 30 June 1995, the supplier credits approved by the Bank amounted to US$ 236.8 million (52.5 per cent on capital equipment, 33.3 per cent on ships and 14.2 per cent on mechanical and electronic products).

C. Major bottlenecks faced by developing countries in trade financing

112. For the majority of developing countries, there seems to be a general gap between the needs and the existing facilities. The schemes are more developed in export credit loans and less so in other services, particularly co-financing and guarantees. Compared to the situation of exporters from developed countries that can count on all types of services without major problems, the exporters of developing countries have a competitive disadvantage. In order to achieve equal competitiveness for identical products, developing countries would need to foster the establishment of official schemes; they also need a better trade-financing environment covering all services.

113. One of the major problems is the commercial banks' lack of capital resources to back their L/Cs adequately. In such a situation, third party guarantees, such as credit insurance or a L/C confirmation from a well-capitalized bank, are required to support a financing transaction.

114. Except for a few cases, manufacturers and other exporters encounter difficulties in obtaining export finance from national and foreign sources. At the domestic level, commercial banks which could be the main source of export financing may not give high priority to export financing, especially for non-traditional exports where the degree of risk is high and risk-pooling inadequate. In some cases, there are no money markets or government rediscount facilities to convert paper into liquidity. Only foreign export firms have access to external financing, as they are able to obtain funding abroad.

115. The trade-financing infrastructure in developing countries thus has several gaps, and when institutions do extend credits, the latter are heavily tied to collateral and limited to low percentages of the value of the trade involved. Moreover, the resources that developing countries can devote to export financing, especially foreign exchange resources, are limited and insufficient.

116. International banks, which in the past financed traditional exports, show little interest in granting pre-shipment credits to developing countries. Furthermore, traditional sources of export financing granted by the traditional export credit agencies from developed countries usually link their credit to creditworthiness evaluations.

117. In addition, there is a lack of insurance and guarantee schemes to serve adequately developing countries' needs in respect of trade financing. These facilities are usually provided by companies from developed countries after careful analysis of the developing country's credithworthiness. In addition, these agencies follow standard regulations that apply to export credit operations (namely the OECD Consensus[23] governing official export credit lending).

118. The current tendency of developing countries to liberalize and expand their mutual trade has brought to the forefront the inadequacy of the trade-financing systems of several countries in terms of both overall capacity and structural components. A great majority of developing countries have not even been able to establish appropriate export-financing schemes.

119. The institutional and financial capacity shortage has a particular impact on small and medium-sized exporters of non-traditional goods. These exporters

only have access, for the most part, to informal local credit sources. This being so, a primary task of a trade-financing policy in most developing countries would be to assure quick and undisrupted access to short-term pre-shipment and post-shipment financing. This may involve an export loan with modern disbursement and liquidation mechanisms, together with a facility for rediscounting by a lender of last resort, as well as appropriate institutions to deal with the risk of non-performance by exporters and with the risk of non-payment by overseas buyers. These conditions are not clearly defined in most developing countries.

120. Moreover, the absence of comprehensive trade-financing schemes affects South-South trade in particular, as developing-country importers are usually unacquainted with their exporters, their credit rating is seldom known to the exporter's banking sector and, furthermore, the banks which might guarantee are either unfamiliar with the exporter's banking sector or have no relationship with the domestic banks. As a result, many traders have recourse to developed country banks to finance such trade, thereby incurring extra costs and tougher financial conditions than those enjoyed by developed country exporters.

III. POLICY ISSUES AND PROPOSALS RAISED IN THE RESPONSES TO THE UNCTAD QUESTIONNAIRE

121. The questionnaires sent to the different institutions in developing countries throughout the world reflected the fact that there is wide scope for improvement of trade-financing institutions at the national and regional levels. Several countries surveyed in this analysis clearly expressed their desire for increased technical cooperation with both developed and developing countries' export credit schemes and with international organizations dealing with trade financing.

122. Those responding to the questionnaires on trade-financing facilities raised significant policy problems and put forward key recommendations for improvement. For policy action purposes, these reflections were grouped in three main categories. Box 14.

Box 14
Strengthening trade financing: scope for action

. Specific actions in trade financing

. Establish: EximBanks or similar services
insurance and risk analysis
guarantees and collateral acceptance
secondary trading, factoring and forfaiting
. increase the capital base of institutions
. involve commercial banks

. Supportive government policies

. simplify refinancing policies
. let banks participate in insurance
. liberalize interest rates
. reduce interest rates through monetary policy
. stimulate exporters to reinvest export earnings
. reduce exemptions of rules and regulations
. improve compliance with guidelines
. enhance correct use of facilities
. strengthen arrangements between central banks
. develop regional trading arrangements
. involve regional development banks

. Capacity-building and information

. exchange experience among institutions
. exchange information among Governments
. establish regional trade fora
. assist LDCs with WTO rules
. training trade financing officials
. train exporters in market opportunities, marketing and distribution, and accounting and insurance.

123. A means of assisting trade-financing schemes to eliminate bottlenecks and to improve existing schemes would take into consideration the efforts made by each particular country or region. This might involve making appropriate institutional arrangements, strengthening relationships with other trade-financing and export credit guarantee and insurance facilities, and strengthening relationships with regional institutions dealing with trade financing.

124. Regarding the specific actions to be carried out, several of the countries surveyed agreed that there is a need to establish export-import banks or similar facilities/services, particularly for medium-term and long-term financing. In addition, they proposed the creation of export credit insurance and new techniques of credit-risk analysis. They also considered the need for national, regional and international export guarantee schemes and collateral- acceptance mechanisms. Acceptance financing, secondary trading in commercial papers, factoring and forfaiting are additional priority areas. Furthermore, they argued for an increase in the capital base of trade-financing institutions so as to

cover medium- and small-scale traders and for the involvement of commercial banking in financing trade.

125. Government policies should give the necessary support to trade financing through regulatory and supervisory measures. These measures should facilitate refinancing by simplifying and rationalizing existing policies and procedures and lift restrictions to allow banking institutions to take part in insurance business.

126. In addition, macro-economic policies should aim at liberalizing interest rates. Interest rates could be reduced through overall monetary policy measures, and credit ceilings could be gradually eliminated.

127. As indicated by the respondents, an appropriate context for trade finance may also require that market discipline and transparency be enhanced. This would help in stimulating exporters to reinvest export earnings (e.g. by fiscal measures), improving compliance with refinancing guidelines by commercial banks and exporters, enhancing correct use of facilities by exporters, and reducing and eliminating exemptions of rules and regulations. The latter might imply giving equal opportunities to enterprises in respect of foreign exchange, taxes, customs duties and customs procedures.

128. Government policy should contribute to fostering international cooperation through the enhancement of arrangements between central banks and the development of regional trading arrangements with the support of development banks.

129. Efforts in capacity-building and information were also considered important. In this regard, the export credit schemes surveyed argued that international exchange of experience should be fostered through the following activities: first, the exchange of experience and dissemination of information among credit insurance institutions; second, the exchange of information among Governments on legal practices and the commercial status of buyers; and third, the establishment of regional trade fora so as to ease existing bottlenecks in trade financing.

130. Efforts in capacity-building should also involve training and dissemination of information, particularly in the following areas: (i) assisting developing countries in connection with WTO rules affecting trade financing; (ii) training activities for officials dealing with trade financing in developing countries, as well as for exporters in respect of trading opportunities and market information, in marketing and distribution networks, and accounting and export insurance methods.

131. In line with the issues and proposals set out above, export-financing programmes in developing countries might also take other areas into consideration. They might seek some form of standardization, as there are great advantages in attaining a certain degree of consensus on, for example, standardization of papers, rules of operation, credit-rating procedures, insurance and guarantee treatment. Proposals for strengthening trade financing could also build on reforms in banking regulations and supervision, such as the liberalization of intra-group ownership; the optional use of documentary credits for export transactions (still mandatory in some developing countries); and simpler procedures for non-bank providers of export finance, such as factors and invoice discounters. In addition, exporters could be allowed to use a portion of foreign exchange earnings to purchase modern financial products (e.g. credit insurance) that may not be available in their own markets. To avoid the problems caused by letters of credit, mechanisms of credit insurance or L/C confirmation could be envisaged.

132. Given the important role of regional financial institutions in the support of trade financing, a further step is to strengthen their cooperation with national trade-financing institutions. This cooperation should include two types of activity: the cofinancing of export credit operations and cooperation aimed at fostering institution-building for trade-financing institutions. The former could be the task of regional development banks.

133. An innovative form of cooperation could be a triangular one, where

developing countries share their own expertise and developed countries provide financial and other assistance for this exchange of experience.

Glossary

Acceptance credit: A letter of credit which includes a term bill of exchange with its required documentation. The bill will be accepted by the bank on which it is drawn, discounted and the proceeds paid to the beneficiary.

Aval: An unconditional, irrevocable, divisible and freely assignable/transferable guarantee to pay on the due date, normally associated with forfaiting.

Back-to-back loan: Operation whereby a loan is made in one currency in one country against a loan in another currency in another country.

Barter: The simple exchange of one set of goods for another with no money changing hands.

Bill of exchange: An unconditional order in writing addressed by the drawer (exporter) to the drawee (importer) requiring the drawee to pay a sum of money to, or to the order of, a specified institution/person (payee) or to the bearer.

Buyer credit: A financial agreement in which a bank, other financial institution, or an export agency in the exporting country extends a loan directly to a foreign buyer or to an institution in the importing country.

Cash payment: This mode of payment is not used unless the product sold is in heavy demand or - in some cases - when it is highly specialized and custom-made. In these cases, the exporter either asks for cash with the order, for cash when goods are ready for shipment, or for downpayment with the order, installments during the manufacturing process, and final payment on delivery. This mode of payment is frequently used in commodity trade. It involves little risk for the exporter, since proceeds arrive at the latest upon delivery.

Co-financing: Loans to developing countries made by commercial banks, export credit agencies, or other lending institutions in association with the World Bank and other multilateral development banks.

Commercial risk: The risk of non-payment by a non-sovereign or private sector buyer or borrower in his home currency arising from default, insolvency and/or failure to take up goods that have been shipped according to the supply contract.

Commitment fee: A charge made by the forfaiter for undertaking to forfait a transaction and to hold a discount rate for a specified period of time. The forfaiter will apply the commitment fee from the date of a firm commitment until the disbursement or payment date.

Comprehensive coverage: Insurance or guarantee cover for all, or a negotiated portion of, the export transactions of a supplier (exporter) or bank.

Counter Credit: A variation of the back-to-back credit where a second bank(usually that of the original beneficiary) issues a separate L/C in favour of the second beneficiary (also known as a countervailing credit).

Counter-indemnity: The irrevocable commitment by the exporter that he will repay the bank if a bond is called.

Countertrade: The umbrella term referring to a growing number of trading and financing techniques in which payment is made either wholly or partly in the form of goods.

Cover: Provision of export credit guarantee/insurance against risks of payment delays or non-payments relating to export transactions. Cover is usually provided for commercial and political risk, from date of shipment. A policy issued to an exporter protects the exporter from losses arising due to repudiation, protracted default or insolvency of the overseas buyer or inability of the overseas buyer to externalize his payments in local currency due to exchange restrictions or payment problems arising due to war, civil wars and insurrection and other political reasons.

D/A: Documents against acceptance. The commercial documents will be released to the drawee against acceptance of the term bill of exchange accompanying them.

Deferred letters of credit: A credit calling for payment at a determinable future date without requiring a draft to accompany the documents.

Discounting: The purchase of accepted term bills of exchange at a discount to allow for loss of interest on the funds until the bills mature.

Documentary collection: A draft payable at a specified future date is a usance or term bill, also referred to as document against acceptance (D/A). The exporter hands the bill to his bank for collection. The bank, acting as the agent of the exporter, sends bills and documents to a correspondent bank in the importer's country. If the bill is drawn on the importing firm, the correspondent bank presents the bill to the importer for acceptance. The importer pays the bill at maturity and remits the proceeds to the exporter's bank. The advantage that this payment procedure offers to the importer is the possibility of selling the goods before payment. The maturity period of the bill is in effect a credit period.

Documentary credit: After the exporter and importer contractually agree that payment shall be made by documentary credit, the importer instructs a bank in his country (the issuing or opening bank) to open a documentary credit in favour of the exporter. The issuing bank arranges with a bank in the exporter's country (the advising bank or corresponding bank) to negotiate or purchase the exporter's bill upon delivery of the shipping documents by the exporter. The latter bank advises the exporter that it will negotiate or purchase his bill upon delivery of the shipping documents. After shipping the goods, the exporter presents the documents to the advising bank and gets paid. The advising bank forwards the documents to the issuing bank in the customer's country. The issuing bank hands the documents over to the importer, who presents them at the port when he collects the goods. Pre-shipment financing is usually extended on the basis of documentary credit, i.e. on letters of credit (L/C) opened in favour of the exporter by the importer.
D/P: Documents against payment. The documents will be released to the drawee against payment.

Factoring: The purchase of an exporter's debts(usually without recourse) by a factoring company which then undertakes all credit control, collection and sales accounting work.

Forfaiting: The purchase (without recourse to any previous holder of the instruments) of debt instruments due to mature in the future and arising from the provision of goods and services.

Guarantee: issued to the financing banks, it protects them against the protracted default or insolvency of the exporters after availing of finance at both pre- and post-shipment stages.

Hedging: The reduction or mitigation of risk, e.g. protecting against adverse foreign exchange movements.

Indemnity: An undertaking issued by a beneficiary or his bank to reimburse a settling bank if the documents are rejected by the applicant.

Irrevocable: An obligation which cannot be canceled unless all parties concerned agree to cancellation.

Joint ventures: The partnership between companies or organizations in two different countries with a view to generating products for sale in those markets or in third markets.

Leasing: The use of goods in exchange for periodic rentals paid to the owner.

Letter of credit (L/C): A non-negotiable order from a bank to a bank abroad, authorizing payment to a named person of a particular sum of money or up to a limit of a certain sum. Letters of credit are often required by exporters who wish to have proof that they will be paid before they ship goods, or who wish

to minimize delay in payment for the goods. A confirmed letter of credit is one that has been recognized by the paying bank. Letters of credit may be irrevocable or revocable, depending on whether or not they can be cancelled at any time.

Mixed credit: Export finance provided partly on concessional terms.

Open account: The open account payment procedure, as opposed to cash payment, involves high risk, since the goods are shipped with an invoice. No documentation apart from the invoice exists to prove the exporter's fulfillment of the contract. Payment follows according to credit terms previously agreed upon after the buyer receives the goods. Since open account operations involve high risk, they are typically limited to trade transactions between longstanding business partners and to transactions which are unlikely to be affected by exchange restrictions.

Overseas investment finance: designed to cover the requirement of local firms establishing joint ventures abroad, to enable them to finance their contribution to the equity of the joint venture.

Political risk: The risk of borrower-country government actions which prevent or delay the repayment of export credits. Many export credit agencies also include war, civil war, revolution, or other military or civil disturbances in their risk assessment. Some also include physical disasters such as cyclones, floods or earthquakes.

Premium: The cost to the buyer of an insurance policy

Promissory note: These notes are normally issued by the importer(buyer) promising to pay the seller like an IOU. The promissory note is transferred by endorsement.

Recourse: The right to recover funds(plus interest where appropriate) from borrowers if lenders are not reimbursed as they expect to be.

Remitting bank: The bank instructed by the principal in the handling of collections. The remitting bank will, in its turn, instruct the collecting bank.

Validity date: The date on which a bond or guarantee expires.

Whole turnover coverage/comprehensive coverage: Insurance or guarantee cover for all or a negotiated portion of the export transactions of a supplier (exporter) or bank. These policies generally provide insurance at a lower premium rate than specific policies because the risks for the agency are spread across a broader range of transactions and frequently across several debtor countries.

Notes

1. Under item 6(c) of its Programme of work (TD/B/CN.3/5, annex II), the Committee was requested to "consider studies on and keep under review developments in trade financing, covering the national, regional, subregional and interregional domains, in particular developments regarding the establishment of an interregional trade financing facility and the strengthening of national trade financing facilities".

2. For analytical purposes, South Africa was included among the developing countries.

3. The questionnaires were sent to national agencies from 56 countries, i.e. 16 in Latin America, 18 in Asia, 19 in Africa and 3 from developing Europe, and to regional/multilateral institutions from Latin America, Asia and Africa.

4. The International Union of Credit and Investment Insurers (Berne Union) is an association founded in 1934 by export credit insurance agencies; all participants are insurers acting on their own behalf and not as representatives of their Governments. The Berne Union consists of a total of

42 members from 34 countries and the Multilateral Investment Guarantee Agency (MIGA). Members account for about 80 per cent of world exports. Members are: Argentina, Australia, Austria, Belgium, Canada, Cyprus, Denmark, Finland, France, Germany, Hong Kong, India, Indonesia, Israel, Italy, Jamaica, Japan, Republic of Korea, Malaysia, Mexico, Netherlands, New Zealand, Norway, Portugal, Singapore, South Africa, Spain, Sri Lanka, Sweden, Switzerland, Turkey, United Kingdom, United States, Zimbabwe. The major activities carried out by Berne Union members include: (i) supporting the sale of raw materials, spares and consumer goods on cash or short credit terms; (ii) supporting, either by guarantees or by direct lending, the supply of project and capital goods on medium- and long-term credit. This entails underwriting the risks on the viability of the projects, as well as a wide range of other commercial and political risks; (iii) supporting outward investment in various forms (e.g. equity loans).

The Union's role is to contribute to: (i) international acceptance of sound principles of export credit insurance and to establish and maintain discipline in terms of credit for international trade; (ii) international co-operation in encouraging a favourable investment climate and keeping the sound principles of foreign investment insurance; (iii) exchange of information, assistance, expertise and advice in relation both to the commercial and political risks involved in export credit insurance, to the political risks involved in foreign investment insurance an to the range of associated matters relating thereto. To achieve these aims, members have to agree: to exchange information, to consult together, to co-operate closely among them and with other international organizations.

5. "Evaluation of performances and issues of trade financing in developing countries: the case for and the viability of an interregional facility" (TD/B/1300), 2 September 1991, and "Trade financing in developing countries: an assessment and evaluation of existing schemes and future requirements" (TD/B/1300/Supp. 1), 2 August 1991.

6. Export credit guarantees refer to any of those guarantees given to commercial banks and other financial institutions in order to assist them to provide finance to an exporter at some point of the export cycle.

7. Export credit insurance aims at covering non-payment. The event causing loss can be of either a commercial or a political nature. Commercial loss arises through the inability of the buyer to meet his obligations vis-à-vis the exporter because of his insolvency or bankruptcy or other severe deterioration in his financial position. Political loss arises through the occurrence of some event in the buyer's country which hinders or prevents him from meeting his obligations towards the supplier. The form of the insurance policy is likely to be global or specific or some hybrid of the two. Under a global policy, the exporter will nominate all his export orders for cover, paying premium on the amount outstanding in the appropriate time period. A specific policy is designed to cover a particular export contract; inevitably, this will be a more labour-intensive operation, and a specific policy will be appropriate if the size of the operation is large, the order unique, or the credit period substantial. Global and specific policies may cover short-term (usually up to two years' credit) or medium-term (usually over two years' credit) transactions under one policy, or separate policies may be needed.

8. Overseas Investment Finance provided Indian promoters with the ability to finance and contribute to equity in joint ventures set up abroad; Project Preparatory Services Overseas enables Indian consultancy firms to undertake project preparatory studies in developing countries through grant/loan financing; Business Advisory & Technical Assistance Services Overseas helps Indian consultancy firms to take on specific assignments in certain countries by grant financing; Africa Project Development Facility enables Indian consultancy firms to undertake assignments in sub-Saharan Africa through grant financing.

9. Overseas investment credit is available to Korean exporters abroad and covers substitution for capital in foreign companies, acquisition of stock and extension of long-term credit for overseas projects. Credit is given only when the supported project could contribute to procuring raw materials, promoting economic cooperation with foreign countries and securing export markets. Overseas project credit is offered to Korean firms involved in business outside the Republic of Korea. The terms and conditions are mainly the same as overseas investment credit.

10. Overseas construction credits: medium and long-term credits (up to seven years), including credits for the purchase of machinery and equipment, credits for construction and deferred payment credits. Overseas investment credits: medium- and long-term credits (up to seven years) extended in the form of cofinancing and available only to service important raw materials, promote economic cooperation with foreign countries or expand export markets.

11. Shariah's principles include: (i) endeavouring to achieve mutual cooperation of policy holders through their collective sharing of losses which any policy holder may suffer; (ii) distributing the surplus that may accrue from the insurance and any reinsurance operations to policy holders after meeting statutory reserve obligations; (iii) excluding cover of contracts for the sale of goods prohibited under Shariah, as well as interest accruing from export credit or investment loans; and (iv) investing its own funds in accordance with Islamic principles.

12. For details of these new financing forms in the commodity field, see: UNCTAD secretariat, "Collateralized commodity financing - with special reference to the use of warehouse receipts", forthcoming.

13. The Society for Worldwide Inter-Bank Financial Telecommunications -SWIFT - is the major interbank message system utilized nowadays. Since the network's establishment in 1977, SWIFT membership has expanded to more than 3,600 institutions in almost 100 countries. SWIFT members use a standard set of messaging formats, transmitted over a secure packet-switching network in order to exchange transaction-related messages and information.

14. According to the latest figures, during the period 1979-1989, BLADEX provided export financing amounting to more than $13.7 billion. At the end of 1989, its stock of outstanding loans stood at US $860.9 million.

15. Central American Bank for Economic Integration (BCIE/CABEI): The Agreement creating the BCIE was signed on 8 May 1961. The institution aims at promoting economic integration and balanced economic development in the member countries. In pursuance of this objective, the Bank supports infrastructure projects that complete subregional systems or resolve particular problems hindering the balanced economic development of the subregion. Among its tasks are projects to create economic complementarity and to expand intra-subregional trade. CABEI's export finance programmes include the following types of credit: programme of support for export supply in Central America (PAPECA); programme of support for productive sectors, and special programme to support the export sector of Honduras and Nicaragua (FEPEX); and co-financing of direct credits.

16. In 1993, it launched a $500 million Medium- Term Note Programme, the initial $100 million of which was raised in the Eurobond market. In addition, there were successful placements of approximately $200 million in the Eurobond market and in Japan's Samurai market. Furthermore, the IADB approved a $200 million long-term loan to ADC.

17. See comments on the mechanism by the Latin American Association of Development Finance Institutions (ALIDE). LXXII Reunión del Comité Directivo. Washington, September 1993.

18. The Bank argues, however, that Asian countries will not rely on traditional sources of finance alone to finance infrastructure requirements. Budget deficits are on the rise, and bilateral and multilateral development assistance is unlikely to meet demand. The ADB report indicates that the region may face a massive deficit in infrastructure financing. The level of private and bilateral capital flowing into Asia has been estimated at about $33 billion. This compares with the US$ 130 billion per annum that the bank expects the region to be spending on infrastructure by the end of the decade. The Bank will play a catalytic role in developing BOT projects. The public sector will remain the principal source of finance, but as a new source of finance for infrastructure investment, capital markets have great potential to play an increasing role. Up to the end of 1993, the ADB had lent a total of over US$ 20 billion for 435 infrastructure projects, representing 43% of all bank lending.

19. For details regarding the broad operational framework for the ECGF, including the pattern of shareholding, ownership, status, linkages to national facilities, operational features (size of capital, currency usage/unit of account, eligible beneficiaries, etc) and the proposals for specific export credit and guarantee programmes, please refer to ESCAP, "Studies in Trade and Investment. Regional Cooperation in Export Credit and Export Credit Guarantees", United Nations, New York, 1995.

20. The Dakar Union was established in May 1984 under the name of "Association des Organismes d'Assurance Crédit à l'Exportation et des Organismes de Promotion du Commerce Extérieur".

21. The Export Refinancing Scheme (ERS) has two components. The first provides short-term pre-shipment and post-shipment finance to exporters, and covers all commodities and manufactured products, with a few exceptions. The second component, known as the Locally Manufactured Machinery Refinance Scheme, introduced in 1973, provides longer-term finance to exporters of manufactured machinery.

22. The EximBank offers a variety of services to exporters: discounting of export bills, short-term pre-shipment financing, post-shipment export credit insurance, medium-term loans for business expansion, durable goods exports and exports of agricultural commodities, long-term financing for exports of capital goods, and equity investment in joint ventures abroad.

23. the OECD Consensus is formally named the "Arrangement on guidelines for officially supported export credits" and was established in 1978. It consists of a framework of rules governing officially supported export credits agreed by members of the OECD's export credit group.

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Annex I

Summary tables on trade-financing schemes in developing countries

Table 1

Exports covered by schemes at the national level, 1992
(Millions of dollars, share in country exports)

Country/territory and organism	Value of exports supported	Total national exports	Percent of national exports covered
Argentina, CASCE	24.00	12,235.00	0.20
Bangladesh, BIMA	146.30	2,098.00	6.97
Barbados, CB[1]	1.10	191.00	0.58
Brazil, PROEX	490.00	35,793.00	1.37
Brazil, IRB	13,719.10	35,793.00	38.33
Brazil, BNDES	30.00	35,793.00	0.08
Colombia, Bancoldex	524.30	6,916.00	7.58
Colombia[2]	10.80	6,916.00	0.16
Cyprus, ECIS	48.00	987.00	4.86
Hong Kong, HKECIC	1,974.90	119,512.00	1.65
India, ECGC	4089.32	19,563.00	20.90
India, EximBank[3]	499.86	19,563.00	2.55
Indonesia, PT ASEI	339.60	33,861.00	1.00
Indonesia B Export	39.41	33,861.00	0.12
Jamaica, EXIMJ	5.00	1,102.00	0.45
Malaysia, MECIB	194.60	40,713.00	0.48
Malta, MECGC	37.77	1,540.00	2.42
Mexico, BANCOMEXT	187.40	46,294.00	0.40
Mexico, COMESEC	1,251.90	46,294.00	2.70
Morocco, BMCE,	45.56	3,984.00	1.14
Morocco, SMAEX	167.40	3,984.00	4.21
Nigeria, NEXIM	191.70	11,886.00	1.74
Philippines, PHILGUARANTEE	40.30	9,751.00	0.41
Peru, SECREX	333.80	3,484.00	9.58
Rep. of Korea, KEIC	2,308.30	76,632.00	3.01
Rep. of Korea, KEXIM	1,899.70	76,632.00	2.48
Senegal, ASACE	21.30	740.50	2.88
Singapore, ECICS	209.80	63,484.00	0.33
South Africa, CGIC	3,246.30	23,413.00	13.87
Sri Lanka, SLECIC	109.30	2,455.00	4.45
Swaziland, CB	5.00	638.00	0.78
Taiwan Province of China, Eximbank	360.25	80,800.00	0.45
Trinidad & Tobago, EXCICO	47.00	1,869.00	2.51
Tunisia, COTUNACE	264.60	4,019.00	6.58
Uruguay, Rep Bank[4]	626.00	1,702.00	36.78

Venezuela, FINEXPO	8.10	13,239.00	0.06
Zimbabwe, CREDSURE	498.50	1,445.00	34.49

Source: UNCTAD, Handbook of Interanational Trade and Development Statistics, 1994. Euromoney Publications & First Washington Associates, The Trade & Export Finance Handbook, 1994.

Note: Public and private schemes.

1. Central Bank of Barbados, Export Credit Insurance and Guarantee Department.

2. Compañía de Seguros La Union S.A.

3. Export-Import Bank of India.

4. Banco de la Republica Oriental del Uruguay.

Table 2

Trade-financing, insurance and guarantee schemes in selected developing countries

Country/territory	Specialized trade-finance institutions	Support from the Central Bank to trade financing	Special Guarantee schemes	Insurance Facilities	Re-Insurance Facilities
China	Export-Import Bank of China[2] Bank of China (BOC) offers short- and medium-term export credit, pre- and post-shipment finance.	n.a.	Available from the Export-Import Bank of China.	Available from the Export-Import Bank of China.	n.a.
Cameroon	n.a.	n.a.	Fond d'Aide et de Garanties des Crédits aux petites et moyennes enterprises (FOGAP) offers pre-shipment guarantee.	FOGAP offers pre-shipment insurance. Les Provinces Réunies S.A. offers post-shipment insurance.	n.a.
Colombia	Banco Colombiano de Exportaciones (BANCOLDEX) offers short- and medium-term loans to exporters, pre- and post-shipment finance, plant and equipment finance. It also refinances commercial-bank loans to support non-traditional exports. Fondo Nacional de Garantías (FNG) offers export credit for capital goods.	n.a.	FNG - short-term cover for export credits, guarantees up to 70%, pre-shipment guarantees.	Segurexpo de Colombia S.A. Aseguradora del Comercio Exterior covers commercial, political and extraordinary risks for both pre- and post-shipment. Political and extraordinary risks have a Government-backed guarantee. Segurexpo replaced the Compañía de Seguros La Unión (closed in 1993)	International re-insurance facilities for commercial risk. For political and extraordinary risks: government backed guarantee.
Costa Rica	n.a.	n.a.	Fundación para el Desarrollo Sostenible de la Pequeña y Mediana Empresa (FUNDES)[7] covers pre- and post-shipment guarantees, technical assistance.	Departamento de Estudios Contables del Instituto Nacional de Seguros (INS) provides post-shipment insurance, commercial risks only on supplier credits.	n.a.
Côte d'Ivoire	n.a.	n.a.	n.a.	La Protection Ivoirienne S.A. post-shipment insurance	
Cyprus	Cyprus commercial banks and branches of foreign banks cover financing needs for exports.	n.a.	Government guarantees provided by Ministry of Trade, Industry and Tourism for pre- and post-shipment supplier credits	Export Credit Insurance Service (ECIS), branch of the Ministry of Commerce and Industry, provides comprehensive policies covering both political and commercial risks.	n.a.

Table 2 (continued)
Trade-financing, insurance and guarantee schemes in selected developing countries

Country/territory	Specialized trade-finance institutions	Support from the Central Bank to trade financing	Special Guarantee schemes	Insurance Facilities	Re-Insurance Facilities
Ecuador	Corporación Financiera Nacional (CFN) administers the Fondo de Promoción de Exportaciones (FOPEX) and provides short term pre- and post-shipment finance and medium- and long-term fixed-asset loans. It also offers project finance. FOPEX is specifically geared toward promoting non-traditional exports.	n.a.	n.a.	n.a.	n.a.
Egypt	Export Development Bank of Egypt (EDBE) offers short term pre- and post-shipment finance, medium- to long-term project finance.[4]	n.a.	n.a.	n.a.	n.a.
El Salvador	Industrial Export Credit Facility of the Central Bank provides working capital and investment loans for exporters.	Banco de Reserva de El Salvador provides pre- and post-shipment finance.	n.a.	n.a.	n.a.
Fiji	Reserve Bank of Fiji offers pre- and post-shipment finance through the commercial banks for non-traditional exports.	The Reserve Bank of Fiji provides refinancing.	n.a.	n.a.	n.a.
Ghana	Ghana Export Finance Co. Ltd. (GEFC) provides short-term pre-shipment loans directly to exporters.	Bank of Ghana operates a guarantee programme.	Bank of Ghana's guarantee program is designed to support agricultural exports and small companies. GEFC has the statutory authority to operate guarantees.	GEFC has the statutory authority to operate export credit insurance.	n.a.
Guatemala	Pre- and post-shipment loans are only available through commercial banks.	n.a.	n.a.	n.a.	n.a.
Guinea	n.a.	n.a.	Central Bank of Guinea[5] offers plant and equipment guarantees, pre- and post-shipment guarantees.	n.a.	n.a.
Honduras	Pre-shipment facility (funded by the government and international agencies)	Banco Central de Honduras' rediscounting facility	The Central Bank administers a guarantee fund; resources are channelled by private commercial banks.	n.a. A project is in discussion.	n.a.

Table 2 (continued)
Trade-financing, insurance and guarantee schemes in selected developing countries

Country/territory	Specialized trade-finance institutions	Support from the Central Bank to trade financing	Special Guarantee schemes	Insurance Facilities	Re-Insurance Facilities
Haiti	Fonds de Developpement Industriel (FDI) - aim is to guarantee and refinance loans from commercial banks and development. finance companies	n.a.	Available from the FDI	n.a.	n.a.
Hong Kong	n.a.	n.a.	n.a.	Hong Kong Export Credit Insurance Corporation (HKECIC): covers mainly for monetary loss, pre- and post-shipment insurance.	HKECIC cedes 50% of its buyer risk portfolio to a syndicate of leading international re-insurers.
India	Export-Import Bank of India (EximBank) offers term loans for export product development, export marketing, setting up export production facilities, pre- and post-shipment credit. EximBank also provides term loans to Indian companies towards equity participation in overseas ventures and offers a range of export facilitation services.	Commercial banks are provided with export credit refinance against outstanding export credits. The Reserve Bank of India refinancing facilities: export credit refinance for pre- and post-shipment credit in rupees, and refinance against post-shipment export credit denominated in US dollars. The Reserve Bank of India (RBI) through its Industrial and Export Credit Dept. refinances export credit extended by banks operating in India. At present no rediscounting facility is provided by the RBI to banks against their export bills.	Export Credit Guarantee Corp. of India (ECGC) * covers exporters and their lenders against commercial and political risks. Both specific contract and whole-turnover policies are available. ECGC covers: pre- and post-shipment guarantees, performance guarantees.	ECGC offers: foreign exchange insurance, overseas investment insurance, pre- and post-shipment insurance.	n.a.

Table 2 (continued)
Trade-financing, insurance and guarantee schemes in selected developing countries

Country/territory	Specialized trade-finance institutions	Support from the Central Bank to trade financing	Special Guarantee schemes	Insurance Facilities	Re-Insurance Facilities
Indonesia	n.a.	Central Bank rediscounting facility: post-shipment finance for exporters. The central bank rediscounting facility is only available for rediscounting of export earnings.	PT. Asuransi Ekspor Indonesia (ASEI)** provides guarantee against the risks of payments defaults; performance guarantees, post- and pre-shipment guarantees. In 1993, ASEI introduced securities guarantee against payment of securities issued by certain issuers.	. PT ASEI provides export insurance: overseas investment insurance, post-shipment insurance. . The main function of PT ASKRINDO is to cover the default risk associated with small and medium-scale loans required by the Government (KUK loans). Indonesian banks are required to hold 20% of their loan portfolio in such loans. The KUK loans may be used by small companies for working capital, investment, trade and pre-export financing. . PT Jasindo (general service insurance) and private national & foreign insurances. Risk covered by these insurers: pre- and post-shipment financing, buyer's insolvency, political, management and commercial risk.	Indonesian export credit insurance companies may accept reinsurance of the Indonesian portion or co-insurance of the contract with the head contractor credit insurer.
Jamaica	National Export Import Bank of Jamaica (EXIMJ) offers import finance, pre- and post-shipment finance. EXIMJ's Export Development Fund provides funds to non-traditional exporters for importing raw materials. EXIMJ's Small Business Discount Facility (SBDF) refinances commercial bank pre-shipment loans.	Bank of Jamaica owns 50% of the share of capital of EXIMJ and the Government owns the rest.	EXIMJ's Bankers Export Guarantee Facility offers post-shipment cover of up to 80% for contracts of up to 180 days.	Post-shipment insurance covers both commercial and political risks. All risks are taken on EXIMJ's own account.	EXIMJ re-insures 60% of its export credit insurance risk under a Quota Share Re-Insurance Treaty in the international market.
Jordan	The export credit guarantee programme is currently underway and will be provided by the Jordan Loan Guarantee Corp.	Central Bank of Jordan offers post-shipment finance. It refinances loans granted by commercial banks resident in Jordan.	Jordan Loan Guarantee Corporation	A project is in discussion.	n.a.
Korea, Republic of	Export-Import Bank of Korea (KEXIM) offers import finance, pre- and post-shipment finance. Extends supplier and buyer credits.	n.a.	n.a.	KEIC* covers overseas investment insurance, pre- and post-shipment insurance.	n.a.

Table 2 (continued)
Trade-financing, insurance and guarantee schemes in selected developing countries

Country/territory	Specialized trade-finance institutions	Support from the Central Bank to trade financing	Special Guarantee schemes	Insurance Facilities	Re-Insurance Facilities
Lesotho	Comprehensive Export Financing Scheme (CFS - in operation since 1988) offers pre- and post-shipment finance. It is supported by the export development fund.	Central Bank of Lesotho: . through the CFS offers pre and post-shipment finance. . through the Export Finance Division offers refinancing . issues counter-guarantees.	Lesotho National Development Corp. (LNDC): this guarantee covers commercial bank's provisions of credit. The counter-guarantee facility issued by the Central Bank backs LNDC's guaranteeing activities.	n.a.	n.a.
Macedonia, Former Yugoslav Republic of	n.a.	The National Bank offered rediscount credits for export financing until March 1994.	n.a.	n.a.	n.a.
Malaysia	Bank Industri Malaysia Berhad offers supplier and buyer credits, overseas investment credit. Other commercial banks offer trade-financing related loans either in the form of buyer credit or supplier credit (e.g. Bank Industri Malaysia Berhad offers the revolving line of pre- and post-shipment supplier credit facility; the Ad Hoc pre- and post-shipment credit facility, and the Buyer credit facility).	Export Refinancing Scheme of Bank Negara (Central Bank) offers export credit refinancing for pre- and post-shipment operations.	Malaysia Export Credit Insurance (MECIB) offers: Bond indemnity support facility, Banker's Export Finance Insurance Policy, Buyer Credit Guarantee Facility and Overseas Investment Guarantee.	MECIB offers Comprehensive Short Term Policy, Confirming Bank Policy.	n.a.
Malta	Investment Finance Bank, Ltd.(IFB)[7] and Valleta Investment Bank Ltd. (VIB Ltd) provide medium and long-term finance for industrial and commercial enterprises.	n.a.	IFB offers post-shipment guarantees.	Malta Export Credit Guarantee Company Ltd. (MECGC) offers pre- and post-shipment insurance.	n.a.
Mauritius	Development Bank of Mauritius (DBM)	n.a.	DBM Export Credit Guarantee Scheme offers pre- and post-shipment guarantees, whole-turnover and specific-contract credit guarantees, favorable-termed guarantees to small exporters.	DBM Export Credit Insurance scheme covers commercial and country risks, post-shipment insurance. Whole-turnover post-shipment insurance covers exporters (commercial and political risks).	n.a.

Table 2 (continued)
Trade-financing, insurance and guarantee schemes in selected developing countries

Country/territory	Specialized trade-finance institutions	Support from the Central Bank to trade financing	Special Guarantee schemes	Insurance Facilities	Re-Insurance Facilities
Mexico	Banco Nacional de Comercio Exterior(BANCOMEXT)* grants financial and promotional support to the expo rt sectors of the Mexican economy It grants short, medium and long-term loans. It covers all stages of the economic activity of exporters, from the investment of fixed assets up to the finance of trade operations. It provides medium and long-term loans to invest in fixed assets of the industrial plant, and also to develop investment projects, as well as loans designed to finance imports of goods.	n.a.	BANCOMEXT grants short, medium and long-term guarantees specially designed to cover the political and commercial risk of the export operations of Mexican companies. The guarantees are specially designed to cover companies and financial institutions which engage in export activity every day.	Compañía Mexicana de Seguros de Crédito S.A.(COMESEC) offers pre- and post-shipment insurance. Since 1987 COMESEC has insured commercial risk on export credits for its own account and political risks for the account of BANCOMEX.	n.a.
Morocco	n.a.	n.a.	n.a.	Societe Marocaine D'Assurance à L'Exportation(SMAEX)** offers pre- and post-shipment insurance.	n.a.
Nepal	Nepal Rastra Bank (NRB) (Nepal's Central Bank) and commercial banks offer export financing.	NRB offers pre-and post-shipment refinancing.	n.a.	n.a.	n.a.
Nigeria	Nigerian Export-Import Bank (NEXIM) offers pre-shipment financing through the refinancing and the rediscounting facility; post-shipment financing through the rediscounting, foreign input and stocking facility; technical assistance.	Refinancing/Rediscounting Facility (RRF) of the central bank.	NEXIM offers post-shipment guarantees.	Industrial & General Insurance Company Ltd (IGI) offers post-shipment insurance. Africa Reinsurance Corporation offers insurance coverage.	NEXIM reinsures its risks through private, foreign-based companies.
Pakistan	State Bank of Pakistan (SBP) offers pre- and post-shipment refinance. Banks provide export finance to exporters both at pre- and post-shipment stages at a concessionary rate of mark-up not exceeding 8%.	SBP refinances export loans made by commercial banks (up to 100% of their lending).	Pakistan Insurance Corporation (PIC) offers post-shipment guarantees. PIC administers the Export Credit Guarantee Scheme (ECGS).	ECGS offers pre and post-shipment insurance.	n.a.
Peru	Corporación Financiera de Desarrollo (COFIDE)* offers pre- and post-shipment finance through the national financial system.	n.a.	Export Credit Insurance Guarantee Fund of the Compañía de Seguro de Crédito a la exportación (SECREX) offers post and pre-shipment guarantees.	SECREX offers pre- and post-shipment insurance.	n.a.

Table 2 (continued)
Trade-financing, insurance and guarantee schemes in selected developing countries

Country/territory	Specialized trade-finance institutions	Support from the Central Bank to trade financing	Special Guarantee schemes	Insurance Facilities	Re-Insurance Facilities
Philippines	- Sources of export financing - central bank - special credit programmes (supported by central bank) - commercial banks (pre-and post shipment credit) - PHILGUARANTEE	Bangko Sentral ng Pilipinas (BSP) Central Bank of the Philippines Peso Rediscounting Facility for Exporters. Exporter Dollar Facility (EDF).	Philippine Export and Foreign Loan Guarantee Corp. (PHILGUARANTEE) offers the Pre-shipment Export Finance Guarantee (PEFG) and the Post-shipment Export Risk Guarantee (PERG) Programmes, both available through the Export Trade Finance Guarantee (ETFG) Facility for transaction-based loans and the Revolving Export Loan Guarantee (RELG) Facility for revolving lines; the General Facility for Medium and Large Exporters; and the Automatic Guarantee Line covering Pre- and Post-shipment Export Finance Guarantees.	n.a.	n.a.
Senegal	n.a.	n.a.	n.a.	Agence Sénégalaise D'Assurance pour le Commerce Exterieur (ASACE) ** offers insurance for both political and commercial risks for Senegalese exporters. It also covers domestic credit.	n.a.
Seychelles	n.a.	Refinancing scheme (concessionary): central bank charges 1% to commercial banks and banks on lend at 3%.	n.a.	n.a.	n.a.
Sierra Leone	n.a.	Bank of Sierra Leone offers pre-shipment finance.	Export credit guarantee scheme available (discontinued since 1981)	n.a.	n.a.
Singapore	n.a.	Monetary Authority of Singapore (MAS) Rediscounting Scheme for pre - and export bills of exchange, post-shipment finance.	ECICS Credit Insurance Ltd * offers performance and customs bonds and other trade-related contract guarantees.	ECICS Ltd. offers overseas investment insurance, pre- and post-shipment insurance.	n.a.

Table 2 (continued)
Trade-financing, insurance and guarantee schemes in selected developing countries

Country/territory	Specialized trade-finance institutions	Support from the Central Bank to trade financing	Special Guarantee schemes	Insurance Facilities	Re-Insurance Facilities
Slovenia	Slovene Export Corporation, Export Insurance and Finance Corp. of Slovenia (EIFCS) offers post shipment finance. Ljubljanska Banka D.D. offers post shipment finance. Slovenska Izvozna Druzba provides export credit finance and guarantees.	EIFCS finances and refinances mid- and long-term export credits.	EIFCS offers post shipment guarantees.	EIFCS offers post-shipment insurance.	EIFCS reinsures against commercial risks.
South Africa	Industrial Development Corporation of South Africa Ltd. (IDC) offers post-shipment finance (in rands or US$) for capital goods, as do most South African banks and financial institutions.	n.a.	n.a.	Credit Guarantee Insurance Corporation of Africa, Ltd (GCIC)* offers foreign exchange insurance, overseas investment insurance, pre- and post-shipment insurance. The agency usually provides whole-turnover cover, although individual shipment contracts are available.	CGIC reinsures political risks with the South African government and commercial risks in the private reinsurance market.
Sri Lanka	There is no specialized trade-finance institution. However, a wide range of credit finance facilities are available through commercial banks, development finance institutions and the Export Development Board.	Central Bank of Sri Lanka has withdrawn finance and refinance facilities extended to trade sector from 31-05-95.	Sri Lanka Export Credit Insurance Corp.(SLECIC) * offers pre- and post shipment guarantees and performance guarantees. In addition, a special guarantee scheme has been introduced to indirect exporters.	SLECIC offers post-shipment insurance. It aims at supporting small exporters. It offers bonuses to clients with no claims.	n.a.
Swaziland	n.a.	Central Bank of Swaziland's Export Finance division provides pre- and post-shipment finance.	Central Bank is the official credit guarantee agency. It provides post-shipment guarantees, small-scale enterprise investment guarantees.	n.a.	n.a
Tanzania, United Republic of	Export financing available from: Bank of Tanzania, National Bank of Commerce (NBC), Rural Development Bank.	n.a.	Available from Bank of Tanzania.	n.a	n.a.

Table 2 (continued)
Trade-financing, insurance and guarantee schemes in selected developing countries

Country/territory	Specialized trade-finance institutions	Support from the Central Bank to trade financing	Special Guarantee schemes	Insurance Facilities	Re-Insurance Facilities
Taiwan Province of China	The Export-Import Bank of the Republic of China (T-Eximbank) offers post-shipment finance, import finance, fixed-rate relending, overseas construction credits, technical service credits, overseas investment credits.	n.a.	T-Eximbank offers guarantees for overseas construction, imports, ship exports, and turnkey plan exports, performance guarantees, post shipment guarantees.	T-Eximbank offers overseas investment insurance, pre- and post shipment insurance; comprehensive export insurance policies for both documents against acceptance and documents against payments terms. Comprehensive general export insurance covers manufacturing costs before a promised irrevocable letter of credits arrives.	n.a.
Thailand	Export-Import Bank of Thailand (1993), as an arm of the Finance Ministry, provides export credits, relending facility, overseas investment credits and export insurance service. EximBank funds from commercial market, except for funds for the export refinancing facility.	Bank of Thailand (BOT) offers pre- and post-shipment credits by refinancing to the EximBank to support exports of agriculture, industrial and other priority goods. Bank of Thailand (BOT) supplies the EximBank with funds for export refinancing facility only.	EximBank provides guarantee services.	ExImBank offers export insurance services. It provides exporters with coverage over payment risks, both commercial and political, for various kinds of export products to destinations worldwide.	n.a.
Trinidad and Tobago	Trinidad and Tobago Development Finance Company Trinidad & Tobago Export Credit Insurance Co Ltd (EXCICO) offers post shipment finance. Whole-turnover cover is the norm, but specific-contract policies are available.	n.a.	EXCICO offers pre-shipment guarantees.	EXCICO offers post-shipment insurance.	n.a.
Tunisia	n.a.	n.a.	n.a.	Compagnie Tunisienne pour l'Assurance du Commerce Exterieur (COTUNACE) offers insurance for both political and commercial risks.	n.a.
Venezuela	Fondo de Financiamiento a las Exportaciones(FINEXPO) offers: a) direct and indirect (through commercial banks) supplier credits (pre- and post-shipment finance); b) direct and indirect buyer credits.	n.a.	n.a.	La Mundial Venezolana de Seguros de Crédito covers commercial risks	n.a.

Table 2

Trade-financing, insurance and guarantee schemes in selected developing countries

Country/territory	Specialized trade-finance institutions	Support from the Central Bank to trade financing	Special Guarantee schemes	Insurance Facilities	Re-Insurance Facilities
Viet Nam	Bank for Foreign Trade of Viet Nam (VIETCOMBANK) offers post-shipment finance.	n.a.	n.a.	n.a.	n.a.
Zambia	Zambia Export-Import Bank (ZEXIM) offers short term coverage and pre- and post-shipment finance. It finances medium- and large-scale industry, especially manufacturing and agriculture, by mobilizing foreign exchange loans from external sources for re-lending to investors.	n.a.	n.a.	ZEXIM offers pre-shipment insurance.	n.a.
Zimbabwe	Reserve Bank of Zimbabwe promotes exports through retention schemes, bonus schemes and an export revolving fund. Both direct and indirect exporters are eligible for the revolving fund.	Reserve Bank of Zimbabwe offers post-shipment finance.	Credit Insurance Zimbabwe Ltd.(CREDSURE)* offers pre- and post-shipment guarantees for lending commercial banks.	CREDSURE offers pre- and post-shipment insurance; exceptions are: exchange rate fluctuations, default of an agent of the insured, non-compliance with import regulations, trade disputes, and risks generally covered by other insurance (e.g. fire, inland marine).	n.a.

Sources: UNCTAD secretariat, based on responses to questionnaires on trade-financing schemes, sent to financial institutions in developing countries; "Trade financing in developing countries: an assessment and evaluation of existing schemes and future requirements" (TD/B/1300/Supp. 1), August 1991; Bank of America Project on Trade Finance: "World Export Credit Guide" 1994; Euromoney Publications - First Washington Associates: "The Trade and Export Finance Handbook", London 1994.

Notes: * Berne Union member; n.a.: not available
** Dakar Union member.

1. Resources are provided by the Inter-American Development Bank (IADB) and the Andean Development Corporation (ADC)

2. Established in July 1994. During the reporting period, from 1 July 1994 to 30 June 1995, the bank authorized $236.8 million of supplier credit.

3. A non-profit corporation funded by Swiss and USAID funds.

4. Through its joint ventures with some leading Egyptian firms, EDBE provides further export finance.

5. The Central Bank is establishing an Agricultural Marketing Loan Guarantee Fund (AMLGF) sponsored by USAID.

6. Any bank accredited as "healthy" by Bank Indonesia may enter into an export credit guarantee agreement with ASEI.

7. Merged into its parent Mid-Med Bank Ltd (MMB) as of September 1995. MMB will absorb all services provided by IFB.

8. COFIDE receives funds from multilateral (IADB, BLADEX, LARF) and private (FIMEX) sources. COFIDE refinances exports channeled through the line FIMEX (for a period of up to 360 days).

Table 3

Structure and terms of domestic export financing schemes of selected countries

Country/territory	Financing schemes	Interest rate	Eligibility criteria	Maturity period	Coverage	Guarantees and colaterals
Argentina	post-shipment insurance	n.a.	exporters should be a Central Bank code number holder to obtain both pre- and post-shipment advances. To be eligible to become an insurance policy holder (under ECGC cover) an exporter should be a Central Bank code number holder or a member of the export promotion council	post shipment: capital goods, up to 5 years; intermediate goods: up to 2 years Insurance: up to 5 years (for other periods, case by case)	post-shipment capital goods: 85% intermediate goods: 80% insurance: private buyer (up to 100%); public buyer (up to 90%)	n.a.
Bangladesh	pre-shipment post-shipment loans	n.a.	n.a.	n.a.	up to 75% of losses due to insolvency or protracted default of export	available
Barbados	pre-shipment post-shipment insurance & guarantee	n.a.	n.a.	up to 1 year	up to 90% of political risk, 80% of commercial risk Guarantee covers against 85% of losses due to commercial risks and 95% of losses due to political risks	available
Bhutan	pre-shipment post-shipment loans	pre - 13% up to 60 days, 16% thereafter	all Bhutanese nationals licensed to export	pre-shipment: 60 days from last disbursement post-shipment: 15 days	n.a.	-L/C -primary security of stocks and receivables -collateral security of adequate value
Bolivia	pre-shipment post-shipment loans	LIBOR + 2.5 points (Central Bank) to a max. of 5 points (commercial banks)	non traditional exporters	180 days (renewable)	up to 100% of the value of FOB or CIF	promissory notes, certificates of deposit, etc.
Brazil	pre-shipment post-shipment loans & insurance	LIBOR + 3.5% LIBOR + 4.0%	n.a.	pre-shipment: 30 months post-shipment: until 8 years	pre-shipment: 70% of FOB price equipment post-shipment: 85% of negative price	pre-shipment commercial contract pledge post- inscription regress rights
Cameroon	pre-shipment post-shipment insurance & guarantees	n.a.	n.a.	n.a.	against losses up to 90% of the contract value	available
Colombia	pre-shipment post-shipment insurance & guarantees	n.a.	depending on buyer's creditworthiness	180 days, up to 1 year; up to 10 years: export credits for capital goods	insurance: up to 85% of commercial risk and 90% of political risk; guarantee: up to 80% of short-term export credits	state guarantees for the insurance of political risk

Table 3 (continued)
Structure and terms of domestic export financing schemes of selected countries

Country/territory	Financing schemes	Interest rate	Eligibility criteria	Maturity period	Coverage	Guarantees and colaterals
Costa Rica	pre-shipment post-shipment loans	Central Bank of Costa Rica establishes the rate of interest for the programmes of the Export Fund and the Investment Fund'. Each financial institution determines the interest rate for the credits offered from their own resources to the export sector.	on a case by case basis determined by financial institutions dealing with the Central Bank	n.a.	Insurance: up to 80% of the exporter's loss; commercial risks on supplier credits; guarantee: provides pre-shipment and post-shipment guarantees on bank loans up to 50% of loss.	n.a.
Cyprus	pre-shipment post-shipment insurance	n.a	exports with local content	pre- and post-shipment: 6 months	both political and commercial risks: up to 90% of loss	government guarantees are available
Ecuador	pre-shipment post-shipment loans	from 3.99% to 7% in 1993	n.a.	n.a.	n.a.	n.a.
Egypt	pre-shipment post-shipment loans	n.a	n.a.	n.a.	plant and equipment guarantees available	n.a.
Fiji	pre-shipment post-shipment loans	7% The Reserve Bank provides refinancing to commercial banks at 5%	40% local value added criteria	pre-shipment: 90 days post- shipment: 180 days other post-shipment: rolling basis (lump sum)	n.a.	L/C (pre- and post-shipment) enough to cover risk involved (lump sum)
Ghana	-	-	n.a.	n.a.	Bank of Ghana plans to establish an export credit rediscount and guarantee facility	n.a.
Guatemala	pre-shipment post-shipment	LIBOR or Prime Rate plus a range of 0.375 to 3%	on a case by case basis determined by financial institutions and also taking into account the importer/exporter creditworthiness	varying from 6 months to up to 1 year	n.a.	n.a.
Haiti	pre-shipment post-shipment guarantees	-	n.a.	n.a.	FDI's' guarantees cover up to 75% of loss	n.a.
Honduras	pre-shipment loans	23% (for international financial institutions) 28% As determined by the Central Bank	case by case basis determined by financial entities dealing with the Central Bank	n.a.	n.a.	financial intermediaries require guarantees

Table 3 (continued)

Structure and terms of domestic export financing schemes of selected countries

Country/territory	Financing schemes	Interest rate	Eligibility criteria	Maturity period	Coverage	Guarantees and colaterals
Hong Kong	pre-shipment post-shipment insurance	n.a.	n.a.	180 days	insurance : policies cover up to 90% of loss except for buyer's repudiation of contract, for which the coverage is 70%	n.a.
India	pre-shipment post-shipment loans, insurance & guarantees	Rupee credit: 13% p.a. (pre- and post-shipment) US$ 7.2% (post-shipment)	exporter should be a Central Bank Code N° holder to obtain both pre- and post-shipment advances. To be eligible to become and insurance policy holder (under ECGC cover) an exporter should be a Central Bank Code No. holder or a member of the export promotion council.	90 - 180 days for pre-shipment 1 - 5 years for deferred credit exports	normally up to 90%; guarantee covers exporters and their lenders against commercial and political risks	guarantees which protects banks against insolvency
Indonesia	pre-shipment post-shipment loans, insurance & guarantees	Rupiah rate: 10-18.5% Forex rate: 9-10 % For rediscounting SIBOR[1] + margin	n.a.	varying	coverage on a case by case basis; max. 85% of loss due to political or commercial risks; guarantees protect banks against risk involved in repayment of credit to finance exporters.	sufficient to cover risks involved counter-guarantee from overseas banks or government institutions
Jamaica	pre-shipment post-shipment loans, insurance & guarantees	22 % local currency 12% - 14% foreign currency	goods of Jamaican origin	180 days	EXIMJ guarantees post-shipment up to 80%. Post-shipment insurance covers commercial and political risks.	Bank Guarantees and Promissory notes
Jordan	pre-shipment post-shipment loans	Central Bank: 7.5% Commercial banks: 7.5 + 2.5%	national company	9 months	the programme covers post-shipment up to 90% and pre-shipment up to 75%. The financial institutions retain the full credit risk.	-L/C -B/L under collection -acceptances guaranteed by the L/C or B/L
Korea, Republic of	pre-shipment post-shipment loans, insurance & guarantees.	9% or LIBOR + 0.5 - 1.5%	Korean exporters of selected goods	15 days plus due date of delivery	insurance: up to 95% against commercial and political risks; guarantee; lenders to Korean businesses engaged in mining, manufacturing, utilities, construction, etc.	required if borrower's creditworthiness is suspected in form of either a L/C or other bank guarantees
Lesotho	pre-shipment post-shipment loans & guarantees	n.a.	n.a.	180 days	for loans: up to 75% of export orders; for guarantees: up to 95% of the risks	n.a.
Macedonia, Former Yugoslav Republic of	post-shipment loans	discount rate (basic)	documents for exports	up to 1 year	n.a.	-bills of exchange

Table 3 (continued)
Structure and terms of domestic export financing schemes of selected countries

Country/territory	Financing schemes	Interest rate	Eligibility criteria	Maturity period	Coverage	Guarantees and colaterals
Malaysia	pre-shipment post-shipment loans, insurance & guarantees	Central Bank: 6% Bank Industri: 8% US Dollar loan - SIBOR or LIBOR	in case of the Pre-shipment and post-shipment supplier credit loans: - capital goods which meet Bank Industri's local content/value added criteria of 30%/20%. - manufactured goods meeting Bank Industri's 50%/30% local content/value added criteria In case of post-shipment buyer credit loans: - Available to foreign buyers who purchase Malaysian goods. - For construction project in buyer's country (with participation of Malaysian companies/joint ventures) and establishing Malaysian content.	pre-shipment up to 120 days post-shipment up to 180 days In case of post-shipment buyer credit maximum 10 years (2 years grace period) plus margin	MECIB's Comprehensive Short-term Policy covers 90% against commercial risks and 95% against political risks.	collateral security of adequate value, and/or MECIB's short term export working capital guarantee, i.e. Banker's Export Finance Insurance Policy. For post-shipment loans assignment of MECIB Comprehensive Short-term Policy
Malta	pre-shipment post-shipment loans, insurance & guarantees	n.a.	goods insured must have at least 15% of Maltese value added	up to 180 days	insurance covers up to 85% of contract value	-
Mauritius	pre-shipment post-shipment insurance & guarantee	n.a.	all goods except sugar and molasses	up to 1 year	insurance covers up to 85% for pre-shipment, up to 90% for post-shipment	n.a.

Table 3 (continued)
Structure and terms of domestic export financing schemes of selected countries

Country/territory	Financing schemes	Interest rate	Eligibility criteria	Maturity period	Coverage	Guarantees and colaterals
Mexico	pre-shipment post-shipment loans insurance and guarantees; insurance designed to cover political and commercial risks	pre-shipment and post-shipment: LIBOR+8 - LIBOR+10 Imports of raw materials and intermediate goods: cost of funding + spread Investment projects: LIBOR + 12 - LIBOR +14 Imports of capital goods: cost of funding + spread	all mexican exporters of non-oil products	pre-shipment and post-shipment: up to 180 days; Imports of raw materials and intermediate goods: 180 days; Investment projects: case by case; Imports of capital goods: 5 years	pre-shipment and post-shipment: 100% of the mexican content Imports of raw materials and intermediate goods: case by case Investment projects: case by case Imports of capital goods: 85% of the invoice value	pre-shipment and post-shipment: export documents imports of raw materials and intermediate goods: sufficient to cover the risk investment projects: primarily mortgage backed imports of capital goods: sufficient to cover the risk
Morocco	pre-shipment post-shipment loans, insurance & guarantees	10%	pre-shipment: all exporters; post-shipment: copy of export documents	pre-shipment: 1 year post-shipment up to 180 days	pre-shipment: 10% of export turnover post-shipment: 100%	all guarantees are accepted
Nepal	pre-shipment post-shipment loans	pre-shipment: 11%; post-shipment: at bank's discretion	n.a.	n.a.	pre-shipment: 80% of the export value post-shipment: 100%;	copy of export documents L/C documents
Nigeria	pre-shipment post-shipment loans	generally: 18% foreign input facility: 13.5% - 14% stocking facility: 21%	all registered Nigerian companies and non-traditional exports	pre-shipment refinancing: 365 days; pre-shipment rediscounting: 120 days; post-shipment rediscounting: 60 days; foreign input facility: 5 years; stocking facility: 365 days	insurance against commercial and political risks for up to 85% and 80% of loss respectively.	-
Pakistan	pre-shipment post-shipment loans, insurance & guarantees	13%	n.a.	pre-shipment: 150 days; post-shipment: until receipt of proceeds, locally manufactured machinery scheme: 360 days; pre-shipment guarantee: up to 5 months; post-shipment guarantee: up to 120 days.	loans cover local value added PIC covers commercial risk up to 80% of net loss and political risk up to 90%, except for repudiation risk where the limit is 35%.	export documents
Peru	pre-shipment post-shipment loans, insurance & guarantee	n.a.	case by case	varying	pre-shipment loans: up to 70% of contract price; post-shipment loans: up to 80% of contract price; commercial and non-commercial risks are covered up to 80% and 90% of loss.	n.a.

Table 3 (continued)
Structure and terms of domestic export financing schemes of selected countries

Country/territory	Financing schemes	Interest rate	Eligibility criteria	Maturity period	Coverage	Guarantees and colaterals
Philippines	pre-shipment post-shipment loans, & guarantees	1995 (June): Peso rediscounting: Pre-shipment and post-shipment: 13,858% [4] Dollar Rediscounting: Pre- and post-shipment 5,75% [5]	for loans: adequate capital/ liquidity/profits; for guarantees: direct and indirect exporters of non-traditional goods	up to 90 days	for loans: n.a.; for guarantees: under the Pre-shipment Export Finance Guarantee (PEFG) and the Post-shipment Export Risk Guarantee (PERG) Programs - 90% of transaction loan under the Export Trade Finance Guarantee (ETFG) Facility and 85% of revolving lines under the Revolving Export Loan Guarantee (RELG) Facility; under the General Facility for Medium and Large Exporters - 70% for peso denominated loans and 100% for foreign currency denominated loans	export documents
Senegal	pre-shipment post-shipment insurance	n.a.	all senegalese exporters	up to 6 months	policies cover up to 90% of loss due to political and commercial risks.	n.a
Singapore	pre-shipment post-shipment loans, insurance & guarantee	ranged from 3 - 5.5% in 1991-93, with banks charging up to another 1.5% spread, i.e. maximum of 4.5% to 7%, higher than the 3-month commercial bill rate of 0.53% to 6.11%.	companies registered in Singapore	for loans: up to 90 days; for insurance: 6 months	insurance: 85% of loses to local exporters and 70% to third country policy holders	n.a.
South Africa	pre- & post-shipment loans, insurance & guarantee	various - determined from time to time taking into account domestic and international rates	for pre-shipment finance guarantees: South African bank lending to exporters. for insurance: South African exporters or bankers lending to foreign customers	pre-shipment: generally up to 12 months but longer for capital goods exports if required; post-shipment: up to 10 years.	pre-shipment insurance: 90% of loan amount; post-shipment supplier insurance: 85% - 90% of contract value and post-shipment buyer insurance, foreign exchange and political risk: 100% of loan amount	case by case
Sri Lanka	pre-shipment post-shipment loans, insurance & guarantees	In 1994: 16% - 20%	for loans: confirmed export orders; for insurance: all exporters registered in Sri Lanka	for packing credit and insurance: 180 days	pre-shipment: 66 2/3 to 75%; post-shipment: 75% - 80% political risk: 75% - 80% commercial risk: 64 - 75%	primary and secondary mortgage over stocks Joint and several guarantees. Pro Note Export Trust Receipts
Swaziland	pre-shipment post-shipment guarantees	prevailing Prime Rate	small and medium Size exporters	up to 6 months	pre-shipment: up to 75% of loss; post-shipment: up to 85% of loss.	- L/C or payment orders - confirmed export orders
Tanzania, United Republic of	pre-shipment post-shipment loans; discontinued in 1994	Central Bank 32%; other institutions: 30% - 31%	non-traditional exporters	3 months to 1 year	n.a.	guarantee from Bank of Tanzania

Table 3 (continued)

Structure and terms of domestic export financing schemes of selected countries

Country/territory	Financing schemes	Interest rate	Eligibility criteria	Maturity period	Coverage	Guarantees and colaterals
Taiwan Province of China	pre-shipment post-shipment loans, insurance & guarantees	pre-shipment: 6.875% p.a. post-shipment: LIBOR + 5.75% - 6.75% p.a.	post-shipment loans: local content no less than 50%	pre- & post-shipment loans: up to 360 days; long term post-shipment loans: up to 10 years; insurance: until repayment date of the loan	pre-shipment and long-term loans: up to 85% of contract price; post-shipment loans: up to 95% amount of accepted draft	n.a.
Thailand	pre-shipment post-shipment loans and insurance	10% p.a. short-term (pre- and post-shipment) and medium-term : EXIM prime + 1.5% long-term (for capital goods and services from Thailand): LIBOR/SIBOR+2%.	local creditworthy exporters; goods and services of Thai origin	short-term: 1 year medium-term: 3 years long-term: 5 years for insurance: payment condition under D/P, D/A: up to 180 days. Others: case by case	EximBank: pre-shipment: 70 - 90% post-shipment: 100% long-term up to 85% Central Bank: post-shipment commercial risks: 70 - 85%; political risks: 90%	standard collaterals for post-shipment loans: reliable person or junstic entity; for long-term exports: mortgage or guarantee by reliable person or juristic entity
Tunisia	pre-shipment post shipment loans, insurance & guarantees	10.25%	local exporters for insurance	pre shipment: 1 year; post-shipment: 180 days; local products insurance: up to 3 years	Insurance against commercial and political risks for up to 80% and 90% of loss respectively.	standard collaterals
Venezuela	pre- and post-shipment loans & insurance	LIBOR + up to 2% p.a.	Local content no less than 30%	Direct and indirect supplier credits: a) pre-shipment loan and insurance: up to 2 years b) post-shipment loan and insurance: up to 6 months. Direct buyer credits: for exports of proyects and capital goods: up to 5 years Indirect buyer credits Loan and insurance: up to 3 years	Pre- and post-shipment loans: 85%	Guarantee by a reliable bank
Viet Nam	pre-shipment post-shipment loans & guarantees	n.a	n.a.	n.a.	n.a.	n.a.

Table 3

Structure and terms of domestic export financing schemes of selected countries

Country/territory	Financing schemes	Interest rate	Eligibility criteria	Maturity period	Coverage	Guarantees and colaterals
Zimbabwe	pre-shipment post-shipment loans, insurance & guarantees	-	n.a.	for insurance of contracts for the export of capital goods on either a buyer or a supplier credit: up to 5 years. Maximum period for pre- and post-shipment guarantee schemes for lending commercial banks: 180 days.	covers up to 95% of losses	n.a.

Sources: UNCTAD secretariat, based on responses to questionnaires on trade-financing schemes, sent to financial institutions in developing countries; "Trade financing in developing countries: an assessment and evaluation of existing schemes and future requirements" TD/B/1300/Supp. 1, August 1991; Bank of America Project on Trade Finance: "World Export Credit Guide" 1994; Euromoney Publications - First Washington Associates: "The Trade and Export Finance Handbook", London 1994.

1. Fondo para las Exportaciones (FOPEX) and Fondo de Inversiones (FODEIN).

2. Fonds de Développement Industriel (FDI).

3. Singapore Interbank Offered Rate.

4. One percentage point below 92-day Treasury Bill rate to be revised every three months.

5. Based on the prevailing three-month LIBID, to be reviewed and set every three months.

Table 4
Export financing in developing countries, 1991 - 1994
(value in millions of US dollars, share in country exports)

Year	Country/territory and organism	Official				Commercial banks			
		Pre-Shipment		Post-Shipment		Pre-Shipment		Post-Shipment	
		value	share (%)	value	share (%)	value	share (%)	value	share (%)
1991	EximBank[8]	486.90	2.76						
1992		499.88	2.56			11082.26	56.65	12564.63	64.23
1993		265.93	1.23			12840.65	59.58	15321.22	71.09
1994		495.98	1.98						
	Indonesia								
1992	B Ekspor[9]	39.41	0.12			5128.33	15.15	448.30	1.32
1993		n.a.	n.a.			n.a.	n.a.	n.a.	n.a.
1994		46.28	0.12			6400.70	15.98	560.00	1.40
	Jordan								
1991	CB[10]	11.75	1.04	48.47	4.29				
1992		7.36	0.60	27.95	2.29				
1993		3.46	0.28	13.86	1.11				
	Korea Rep. of[11]								
1991	KEXIM	214.00	0.29	1091.00	1.52				
1992		627.00	0.81	583.00	0.76				
1993		2403.00	2.92	157.00	0.19				
	Macedonia, FYR								
1991	National Bank[12]								
1992		3.69	.003*	3.57	0.003*				
1993		0.12	0.01	0.89	0.08			28.32	2.68
	Malaysia								
1991	Bank Industri[13]	17.09	0.05	3.95	0.01	2980.76	8.68	3490.05	10.16
1992		20.42	0.05	8.48	0.02	2938.41	7.21	3493.72	8.57
1993		25.03	0.05	13.18	0.03	2924.36	6.21	3576.75	7.59
	Morocco								
1991	BMCE[14]	48.70	1,13			266.45	6.18	457.79	10.61
1992		45.56	1.14			231.20	5.36	409.00	10.27
1993		31.08	0.78			162.17	3.73	342.51	8.58
	Nepal								
1991	Rastra Bank[15]					1.97	0.75	20.09	7.61
1992						4.49	1.20	8.05	2.15
1993						4.84	1.24	12.99	3.32
	Nigeria								
1991	NEXIM[16]	205.85	1.68	108.38	0.88				
1992		165.98	1.40	41.29	0.35				
1993		137.17	1.08	15.46	0.12				

Table 4 (continued)
Export financing in developing countries, 1991 - 1994
(value in millions of US dollars, share in country exports)

Year	Country/territory and organism	Official				Commercial banks			
		Pre-Shipment		Post-Shipment		Pre-Shipment		Post-Shipment	
		value	share (%)	value	share (%)	value	share (%)	value	share (%)
	Pakistan								
1991	State Bank[17]	511.68	7.91	1626.50	25.16				
1992		595.10	8.18	1803.71	24.8				
1993		648.91	9.73	1892.74	28.35				
	Philippines								
1991	BSP[18]					1001.77	11.39	45.21	0.51
1992						452.46	4.64	74.68	0.77
1993						310.01	2.40	64.72	0.50
1994						446.93	3.31*	18.89	0.14*
	Sierra Leone								
1991	Bank of Sierra Leone[19]					0.40	0.28		
1992						0.35	0.23		
1993						0.71	0.60		
	Sri Lanka								
1991	CB[20]			396.33	20.17	373.04	18.98	796.65	40.54
1992				348.94	14.28	404.64	16.56	1200.64	49.15
1993		62.91	1.69	269.86	9.67	372.22	13.33	1214.80	43.51
1994						311.87	9.72*	802.25	25.00*
	Sudan								
1991	Bank of Sudan[21]								
1992									
1993						29.31-		42.46	
	Swaziland								
1991	CB[22]	1.09	0.18	0.73	0.12				
1992		29.00	0.4	2.51	0.39				
1993		4.70	0.7	3.39	0.52				
	Tanzania, United Republic								
1991	Bank of Tanzania	1.63	0.45						
1992		1.35	0.32						
1993		1.98	0.57						
	Taiwan Pr. of China								
1991	EXIMBANK[23]	15.00	0.02	61.00	0.08				
1992		13.00	0.02	54.00	0.06				

Table 4
Export financing in developing countries, 1991 - 1994
(value in millions of US dollars, share in country exports)

		Official				Commercial banks			
Year	Country/territory and organism	Pre-Shipment		Post-Shipment		Pre-Shipment		Post-Shipment	
		value	share (%)	value	share (%)	value	share (%)	value	share (%)
1993		22.00	0.02	18.00	0.02				
	Thailand								
1991	BOT[24]	3,287.93	11.57	203.71	0.72	3,733.10	13.13		
1992		3,076.17	9.47	344.98	1.06	4,592.56	14.14		
1993		2,239.92	6.03	296.43	0.80	5,326.55	14.33		
	Tunisia								
1991	CB[25]			595.93	16.05			595.39	16.03
1992				524.89	12.99			522.85	12.94
1993				449.54	11.82			448.54	11.79
	Venezuela								
1991	FINEXPO[26]	7.50	0.05	10.5	0.07	2.40	0.02	0.40	0.00
1992		3.30	0.02	8.2	0.06	0.20	0.00	0.20	0.00
1993		6.00	0.04	1.3	0.01	0.00	0.00	0.02	0.00

Sources: Data on export credit loans, insurance, guarantees and refinancing was obtained through questionnaires sent to various national trade financing institutions; for exchange rates: UNCTAD: Handbook of International Trade and Development Statistics (TD/STAT.22), 1994, IMF: International Financial Statistics, period averages (rf of market exchange rates and official exchange rates used for countries quoting rates in national currency/US$; rh used for countries quoting rates in US $/national currencies); for exports: UNSD 1995, IMF: Direction of Trade Statistics Yearbook, 1994.

* Based on export figures provided by countries.

1. Royal Monetary Authority of Bhutan. There is only one local commercial bank offering export credit loans, the Bank of Bhutan.

2. Banco Central de Costa Rica. The official post-shipment figures correspond to export credit loans of the export sector in general.

3. Pre-shipment figures correspond to both pre and post data from 9 local commercial banks.

4. Post shipment official figures correspond to supplier credit loans.

5. Pre-shipment figures are from local commercial banks.

6. Pre-shipment figures correspond to both local commercial and foreign banks.

7. Data on commercial banks' export financing provided by the Reserve Bank of India.

8. The figures presented under pre-shipment official credits include also post-shipment.

9. Post shipment figures correspond to both local commercial and international banks.

10. Post shipment figures correspond to supplier credit loans.

11. Post shipment non-official figures correspond to supplier and buyer credit loans, and to a relending facility.

12. Post-shipment non official figures correspond to 3 commercial banks.

13. Official post-shipment corresponds to supplier credit loans.

14. Pre and post-shipment international figures correspond to 14 local commercial banks and loans are supplier credits.

15. International export credit loans correspond to supplier credits from 2 local commercial banks and 4 international banks.

16. Data represents both pre and post supplier finance.

17. Post shipment official represents supplier, buyer and an LMM Scheme export credit loans.

18. Data are for regular peso rediscounting only.

19. Pre shipment figures are local commercial and correspond to 2 banks.

20. Central Bank of Sri Lanka. Commercial banks correspond to 6 local and 14 international banks. Post-shipment data relate to supplier, buyer and other.

21. Commercial banks represent 28 local banks and supplier credits for post-shipment.

22. Post shipment credits are supplier loans.

23. The Export-Import Bank of the Republic of China (T-EximBank). Post shipment credits represent supplier loans.

24. Bank of Thailand. The figures under pre-shipment finance from commercial banks include also post-shipment.

25. Post-shipment figures are supplier credit loans. Commercial banks represent 11 local and 1 international.

26. Post-shipment figures are supplier credits.

Table 5
Official export insurance in developing countries 1991-1994
(value in millions of US dollars, share in country exports)

Year	Country/territory and organism	Official			
		Pre-Shipment		Post-Shipment	
		value	share (%)	value	share (%)
	Argentina				
1991	SCI-CASCE[1]			130.55	1.09
1992				18.09	0.15
1993				17.15	0.13
	Cyprus				
1991	ECIS[2]	4.92	0.51	14.52	1.52
1992		2.54	0.25	10.43	1.04
1993		2.35	0.27	9.49	1.07
	India				
1991	ECGC			4312.59	24.33
1992				4089.32	20.82
1993				4245.86	19.70
	Indonesia				
1991	PT ASEI	271.97	0.92		
1992		344.96	1.02		
1993					
	Korea Rep. of.				
1991	KEIC[3]	62.40	0.09	1909.70	2.66
1992		145.30	0.19	2055.80	2.68
1993		257.70	0.31	3382.40	4.12
	Malaysia				
1991	MECIB[4]	6.87	0.02	158.43	0.46
1992		11.34	0.03	199.68	0.49
1993		8.89	0.02	233.09	0.49
	Malta				
1991	MECGC	31.069	2.48		
1992		37.770	2.45		
1993		36.440	2.70		
1994		34.400	2.48*		
	Morocco				
1991	SMAEX			154.58	3.61
1992				167.40	4.21
1993				209.41	6.12
1994				181.31	4.50*
	Mexico				
1991	BANCOMEXT[5]	912.50	2.13	150.50	0.35
1992		826.40	1.79	109.90	0.24
1993		578.70	1.11	71.600	0.14

Table 5
Official export insurance in developing countries 1991-1994
(value in millions of US dollars, share in country exports)

Year	Country/territory and organism	Official			
		Pre-Shipment		Post-Shipment	
		value	share (%)	value	share (%)
1992	COMESEC	1251.9	2.70		
1993		1103.48	2.12		
1994		1246.99	2.05		
	Peru				
1991	SECREX[c]	398.2	11.96	28.10	0.84
1992		318.6	9.14	15.20	0.44
1993		395.1	11.41	12.00	0.35
	Senegal				
1991	ASACE			20.75	0.51
1992				4.04	0.55
1993				3.32	0.52
	Sri Lanka				
1991	SLECIC[c]	39.32	2.00	8.38	0.43
1992		44.58	1.82	8.25	0.34
1993		47.58	1.70	10.14	0.36
1994		52.88	1.65*	10.50	0.33*
	Taiwan Pr. of China				
1991	T-EXIMBANK[e]			277.94	0.39
1992				293.25	0.35
1993				342.71	0.37
	Tunisia				
1991	COTUNACE			314.36	8.46
1992				314.12	7.78
1993				315.26	8.29
	Venezuela				
1991	La Mundial[c]	7.50	0.05	10.5	0.07
1992		3.30	0.02	8.20	0.06
	Zimbabwe				
1991	CRED[c]			893.19	58.38
1992				750.85	52.21
1993				611.97	44.54

Sources: Data on export credit loans, insurance, guarantees and refinancing was obtained through questionnaires sent to various national trade financing institutions, UNCTAD: Handbook of International Trade and Development Statistics TD/STAT.22, 1994; for exchange rates: IMF: International Financial Statistics, period averages (rf of market exchange rates and official exchange rates used for countries quoting rates in national currency/US$, rh used for countries quoting rates in US $/national currencies); for exports: UNSD 1995, IMF: Direction of Trade Statistics Yearbook, 1994.

* Based on export figures provided by the countries.

rates in national currency/US$; rh used for countries quoting rates in US $/national currencies); for exports: UNSD 1995, IMF: Direction of Trade Statistics Yearbook, 1994.

* Based on export figures provided by the countries.

1. Secretaría de Comercio e Inversiones (political risks), CASCE (commercial risk).
2. Ministry of Commerce, Industry and Tourism/Export Credit Insurance Service. Post-shipment figures are supplier credit.
3. Post- shipment data corresponds to both supplier and buyer credit as well as export bond insurance.
4. Post-shipment figures are supplier credit, except for 1993 which includes buyer credit.
5. Post-shipment figures represent both supplier and buyer credits.
6. Compañía de Seguros. Post shipment figures correspond to supplier credits.
7. Post-shipment figures correspond to buyer credit insurance.
8. The Export-Import Bank of the Republic of China. Post-shipment amounts correspond to buyer credit insurance.
9. La Mundial Compañía Anónima Venezolana de Seguros.
10. Post-shipment figures are mostly short-term.

Table 6
Refinancing, co-financing and guarantees in developing countries 1991-94
(value in millions of US dollars, share in country exports)

Year	Country/territory and organism	Refinancing		Co-financing		Guarantees	
		value	share (%)	value	share (%)	value	share (%)
	Costa Rica						
1991	CB			93.00	5.83		
1992				43.00	2.33		
1993				3.00	0.13		
	India	RBI				EXIM	
1991		n.a.	n.a.			41.60	0.23
1992		128.40	0.72			40.24	0.20
1993		1414.85	7.20			34.01	0.16
1994		430.92	2.00			26.52	0.11
	Indonesia						
1992	B Ekspor			1192.40	4.04		
1993				1245.59	3.68		
1994				1366.34	3.71		
	Korea, Rep. of						
1991	B of K	1344.51	1.87				
1992		1320.68	1.72				
1993		1315.61	1.60				
	Malaysia						
1991	CB	6470.82	18.84				
1992		6434.13	15.78				
1993		6501.11	13.80				
	Mexico						
1991	BANCOMEXT	4587.00	16.91				
1992		5835.00	21.19				
1993		7303.00	24.15				
	Nepal						
1991	NRB	1.87	0.71				
1992		2.42	0.65				
1993							
	Nigeria						
1991	NEXIM[1]	211.8	1.73				
1992		165.9	1.41				
1993		137.1					
	Pakistan						
1991	State Bank[2]	2067.7	31.99			4.00	0.06
1992		2395.9	32.94			2.00	0.03
1993		2527.8	37.89			1.00	0.01
	Peru						
1993	COFIDE	251.25	7.21				
1994		279.20					
	Philippines						
1991	CB[3]	1209.72	13.76			1.84	0.02

Table 6
Refinancing, co-financing and guarantees in developing countries 1991-94
(value in millions of US dollars, share in country exports)

Year	Country/territory and organism	Refinancing		Co-financing		Guarantees	
		value	share (%)	value	share (%)	value	share (%)
1992		647.24	6.64			2.98	0.03
1993		436.75	3.38			24.04	0.19
1994		719.72	5.34*				
	Seychelles						
1991	CB*	8.28	16.88				
1992		6.21	12.94				
1993		5.79	11.13				
1994		8.71					
	Sri Lanka						
1991	CB[1]	160.29	8.16			53.00	2.70
1992		110.68	4.53			57.70	2.36
1993		22.13	0.79			62.50	2.24
1994						89.30	2.2*
	Taiwan Pr. of China						
1991	T-EximBank	38.57	0.05				
1992		42.99	0.05				
1993		14.85	0.02			96.60	0.11
	Thailand						
1991	BOT	820.79	2.89				
1992		839.37	2.58				
1993		760.73	2.05				
	Tunisia						
1991	CB	470.47	12.67				
1992		428.88	10.62				
1993		339.64	8.93				
	Venezuela						
1991	FINEXPO			2.80	0.02		
1992				0.40	0.00		
1993				0.00	0.00		

Sources: Data on export credit loans, insurance, guarantees and refinancing was obtained through questionnaires sent to various national trade financing institutions; UNCTAD, Handbook of International Trade and Development Statistics (TD/STAT.22), 1994; for exchange rates: IMF: International Financial Statistics, period averages (rf of market exchange rates and official exchange rates used for countries quoting rates in national currency/US$; rh used for countries quoting rates in US$/national currencies); for exports: UNSD, 1995. IMF: Direction of Trade Statistics Yearbook, 1994.

* Based on export data provided by the country itself.

1. Nigerian Export-Import Bank. Information is taken from the Bank's 1993 annual report and statement of accounts.

2. Guarantee figures are taken from the Export Credits Guarantee Scheme, 32nd Annual Report.

3. Refinancing amounts include also rediscounting.

4. The calculation of the volume of refinancing used the following exchange rate average rupee/dollar: 5.2911 (1991), 5.1363 (1992
(1993) provided by the Central Bank.

5. Refinancing includes both categories of traditional and non traditional pre-shipment exports.

Table 7
Regional trade financing schemes in developing countries

Institution (date of establishment)	Objectives and main features of the scheme	Financing facilities[1] available	Amounts of financing
African Export Import Bank (Afreximbank)[2] Established in 1994	- extending direct pre- and post-shipment credit to African exporters and importers - financing imports needed for export development - promoting and providing insurance and guarantees covering the risks associated with African exports - promoting the market for trade documents in Africa - promoting and financing South-South trade between African and other countries - assisting African clearing houses to promote intra-African trade - undertaking market research and providing ancillary services.	programme/facility: a. for African exporters: . Pre-export credit . Post-shipment acceptance . Project-related financing b. for African trade finance intermediaries: . Short-term export credit lines . L/C confirmation and/or refinancing . Guarantee facility c. for International Banks (eligible trade finance intermediaries): . Joint financing of African trade on funded and/or risk sharing bases . Co-arranging syndications. Club loans and co-financing . Cooperation in L/C confirmation and refinancing	n.a.
Andean Development Corporation (Corporación Andina de Fomento - ADC/CAF)[3] Established in 1970	trade-financing loans include credits extended under the Andean Trade Financing System (SAFICO), to promote trade among member countries and with external markets, and under the Mechanism for Financing Imports and Confirmation of Letters of Credit (MECOFIN) through which imports from non-member countries are financed.	pre- and post-shipment, short term credit, project loans, trade financing. Indirect financing to intra and extraregional commercial banks. Credit lines to regional banks (e.g. BANCOLDEX, Colombia)	indirect financing to banks: US$ 412 million (1994). Disbursements of short-term credits: $ 1207 millions
Arab Monetary Fund[4] Established April, 1976. Entered into force on Feb. 13, 1977	- providing short- and medium/term loans (for balance of payments' support) - issuing guarantees to member States - acting as intermediary in the issuance of loans for the account of member States. - co-ordinating monetary policies of member States - providing technical assistance.	trade financing is provided through the ATFP. AMF has contributed with 50% of ATFP authorized capital.	n.a.
Arab Trade Financing Programme (ATFP)[5] Established in March 16, 1989 by the Board of Governors of the Arab Monetary Fund	promoting intra-Arab trade through provision of L/Cs, refinancing trade transactions and rediscounting of trade-financing instruments.	- pre- and post-shipment finance - pre- and post-shipment finance of import and export trade - buyer and supplier credit. Guarantees accepted: IAIGC, Arab Central Banks, export credit agencies and commercial banks	refinancing activities: 130 applications for lines of credits approved in 1991-94, totalling $ 393 million.
Banque des Etats de l'Afrique Centrale	n.a.	Credits are normally given for a period of 12 months, at the TIAO (taux d'intérêt des appels d'offres) interest rate, plus a margin.	n.a.

Table 7 (continued)
Regional trade financing schemes in developing countries

Institution (date of establishment)	Objectives and main features of the scheme	Financing facilities[1] available	Amounts of financing
Banque Centrale des Etats de l'Afrique de l'Ouest[a] Established in 1955	n.a.	n.a.	n.a.
Central American Bank for Economic Integration (Banco Centroamericano de Integración Económica BCIE- CABEI[f]) Established in 1960. Entered into force in 1961.	providing support to Central American commercial banks in trade financing operations (through PAPECA), to productive sectors, through the special program in support of exports (FEPEX) from Honduras and Nicaragua, and through co-financing operations. Fondo para el Fortalecimiento de las Exportaciones de Centroamerica (FOEXCA), with support from the EU (in process of implementation)	pre- and post shipment, lines of credit	disbursements in 1993: under (i) $9.6 million (1993); under (ii) $ 23.9 million; under (iii) $ 10.8 million; under (iv) $ 3.4 million
Eastern Caribbean Central Bank (ECCB) Established in 1983	promoting development of trade of member States by provision of guarantees to lenders in trade-financing operations	- pre-shipment finance, post-shipment supplier credits under the following conditions: financial conditions of loans maturity period: guarantees: 80% line of credit; maturity period: 180 days; rate of interest: prime plus 1%. - pre- and post-shipment guarantees (through the Post-Shipment Discounting Guarantee Scheme exporters can discount some receivables and to lower finance charges)	n.a.
ECOBANK	providing finance to non-traditional exporters of African goods insurance accepted: Eximguaranty, Afreximbank, local banks	n.a.	n.a.
Eastern & Southern African Trade and Development Bank (PTA Bank)[g] Established in 1985 The Bank is a specialized institution of (The) Common Market for Eastern and Southern Africa (COMESA)[e] established in Dec. 1994 which replaced the Preferential Trade Area for Eastern and Southern African States (PTA).	- promoting development of trade of the member States by financing where appropriate activities related to such trade; and - mobilizing within and outside the sub-region additional resources for trade financing and for the development of the sub-region. - main activity of the Bank: financing of trade and development of projects in member countries. It also issues and manages the PTA Travellers Cheques (PTA TCs), on behalf of COMESA Member States' Central Banks as a special operation	- pre- and post-shipment finance; - confirmation of L/Cs; - performance L/Cs; - bill discounting.	PTA Bank: as of 31 Dec. 1993 loans outstanding totalled US$ 54.89 millions. As of 31 Dec. 1994 the loans outstanding were US$ 49.45 millions.

Table 7 (continued)
Regional trade financing schemes in developing countries

Institution (date of establishment)	Objectives and main features of the scheme	Financing facilities[1] available	Amounts of financing
Inter-American Development Bank (IADB)[10] Established in Dec. 1959.	contributing to increase the share of Latin American countries in world trade and encouraging both interregional and intraregional trade, through: a. an export financing programme (medium and short term); b. the Venezuelan Trust Fund; c. cofinancing activities with bilateral and multilateral institutions	IDB provides loans/lines of credit, discounting Facilities available: - Ordinary capital: medium-term and short-term programme - Venezuelan Trust Fund: short term Co-financing arrangements available: . Funds under administration . Guarantees (partial risk guarantees to cover performance of certain sovereign contractual obligations - e.g. foreign exchange risk - and partial credit guarantees. Joint financing: the IDB and a co-lender finance the same components of a project. . Parallel financing: the IDB and a co-lender make separate loans for the same programme or project; each loan will finance goods and services of a different component of a programme or project.	. Accumulated amount of lending through the different credit lines reached US$ 1,257,573,000 in Dic. 1994 . Accumulated amount of exports partially financed by IDB for Dic. 1994: US$ 1,905,197,429 IDB co-financing activities in 1994: $ 1,376.1 million ($457 million from multilateral inst.[11] and $ 919.1 millions from bilateral sources[12]
Inter-Arab Investment Guarantee Corporation (IAIGC)[13] Established 1974, started activities mid-1975	- providing insurance coverage for losses resulting from covered risks. - promoting the flow of investment and trade within Arab countries	- providing insurance coverage against non-commercial risks for: . Arab investments in Arab countries except the investor's own country; . loans offered by Arab banks or Arab foreign financial institutions to an Arab investment project . contractor's equipment used in the execution of projects in an Arab country. - providing insurance coverage against commercial and non-commercial risks for credit pertaining to exports of Arab products to Arab countries.	accumulated amoung of guarantee contracts signed up to end of 1994: Investment guarantee contracts: US$ 366 million. Export credit guarantee contracts: US$ 760 million.

Table 7
Regional trade financing schemes in developing countries

Institution (date of establishment)	Objectives and main features of the scheme	Financing facilities[1] available	Amounts of financing
The Islamic Corporation for the Insurance of Investment and Export Credit (ICIIEC[14]) Established in 1994, started operations in July 1995	ICIEC aims at enlarging the scope of trade transactions and the flow of investment among Member States of the OIC through: - export credit insurance to cover the non-payment of export receivables resulting from commercial (buyer) or non-commercial (country) risks; - investment insurance against country risks, mainly the risks of exchange transfer restrictions, expropiation, war and civil disturbances and reach of contract by the host Government. The Corporation provides the above insurance facilities in accordance with the *Shariah* principles.	Export credit insurance/reinsurance[15] against commercial and political risks post-shipment insurance	n.a.
Islamic Development Bank(IsDB)[16] Established in 1975.	. strengthening efforts to achieve economic cooperation among members of the Organization of the Islamic Conference - OIC - through various patterns of development financing and technical cooperation among member countries . promoting intra-trade among Islamic countries - export credit loan facilities - pre- and post shipment - guarantees: from banks or Governments	- import trade financing scheme (post-shipment finance, short-term financing) - Longer Term Trade Financing Scheme - LTTFS - (post-shipment, medium and longer-term financing) - Islamic Banks' portfolio (post-shipment finance, short and medium term financing) - export financing is provided on the basis of Murabaha or Installment Sale[17]	. export credit loans (disbursed) including indirect financing and co-financing: US$ 424.00 millions (1993) total financing approved by the IsDB under its trade financing schemes from the inception of the Bank until the end of April 1995 aggregated US$ 11.278 billion.
Latin American Export Bank (Banco Latinoamericano de Exportaciones - BLADEX)[18] Established in 1977	providing resources for the financing of foreign trade transactions in the Latin American region (particularly to its stockholder banks, selected commercial banks and state-owned exporting organizations).	pre- and post-shipment financing facilities	1979- June 1995, BLADEX provided over US$ 50 billion in trade financing
Latin American Reserve Fund (Fondo Latinoamericano de Reservas - LARF/FLAR)[19] Established in 1988	supporting trade-finance operations originating in member and non-member countries	pre- and post-shipment credit lines	May 1992 - June 1995: trade financing through Bankers Acceptances $585.9 million; loans to commercial banks $3,857.5 million. Advances: $89.6 million.
Preferential Trade Area Reinsurance Company (ZEP-RE)[20] Established in 1992	- promoting the development of insurance and reinsurance in PTA sub-region. - promoting the growth of national, sub-regional and regional underwriting and retention capacity	n.a.	n.a.

Sources: Data on trade financing schemes was mainly obtained through questionnaires sent to regional development banks and institutions. Other source: Euromoney Publications & First Washington Associates' "The Trade & Export Finance Handbook, 1994".

1. Including export financing, insurance and guarantees.

2. Shareholders are: (a) 28 African States and Central Banks, (b) four regional and subregional institutions, (c) commercial banks from 12 African countries, (d) two Export-Import Banks of Egypt and Nigeria, (e) three national development banks; (f) three national investment banks; (g) four African insurance companies; (h) other private sector shareholders (enterprises, individual investors); (i) nine extra-regional financial institutions.

3. Andean Group member countries: Bolivia, Colombia, Ecuador, Peru and Venezuela. Extrarregional members: Mexico, Chile and Trinidad & Tobago plus 22 private banks of the Andean subregion.

4. Algeria, Bahrain, Egypt, Iraq, Jordan, Kuwait, Lebanon, Libyan Arab Jamahiriya, Mauritania, Morocco, Oman, Palestine, Qatar, Saudi Arabia, Somalia, Sudan, Syrian Arab Republic, Tunisia, United Arab Emirates, Yemen.

5. National Agencies of the ATFP are: Jordan, United Arab Emirates, Bahrain, Tunis, Algeria, Saudi Arabia, Sudan, Syrian Arab Republic, Iraq, Oman, Libyan Arab Jamahiriya, Kuwait, Lebanon, Egypt, Morocco, Mauritania, Yemen, Qatar.

6. The institution is the Central Bank of the seven-nation CFA franc monetary zone (Benin, Burkina Faso, Cote d'Ivoire, Mali, Niger, Senegal and Togo). It refinances loans in that denomination.

7. Guatemala, El Salvador, Honduras, Nicaragua, Costa Rica.

8. Membership of the Bank: Burundi, Comoros, Djibouti, Ethiopia, Kenya, Malawi, Mauritius, Rwanda, Somalia, Sudan, Uganda, United Republic of Tanzania, Zambia, Zimbabwe and the African Development Bank (ADB).

9. COMESA embodies the following principal elements: trade liberalization and customs cooperation, free movement of capital and finance, establishment of a COMESA Monetary Union and free movement of persons within the COMESA region.

10. Regional member countries: Argentina, Bahamas, Barbados, Belize, Bolivia, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Guyana, Haiti, Honduras, Jamaica, Mexico, Nicaragua, Panama, Paraguay, Peru, Suriname, Trinidad and Tobago, Uruguay, Venezuela. Extraregional member countries: Austria, Belgium, Canada, Croatia, Denmark, Finland, France, Germany, Israel, Italy, Japan, Netherlands, Norway, Portugal, Slovenia, Spain, Sweden, Switzerland, United Kingdom, United States.

11. World Bank, CABEI, CAF, EIB, EU, International Fund for Agricultural Development (IFAD), Nordic Development Fund (NDF), NIB,etc.

12. The Export-Import Bank of Japan (JEXIM), Japan Overseas Economic Cooperation Fund, KfW, Netherlands, Swedish International Development Agency (SIDA), Spain, Taiwan Province of China, etc.

13. Jordan, United Arab Emirates, Bahrain, Tunis, Algeria, Djibouti, Saudi Arabia, Sudan, Syrian Arab Republic, Somalia, Iraq, Oman, Palestine, Qatar, Kuwait, Lebanon, Libyan Arab Jamahiriya, Morocco, Mauritania, Yemen.

14. Members of the ICIEC are: Afghanistan, Bangladesh, Benin, Cameroon, Chad, Comoros, Egypt, Gabon, Gambia, Guinea, Indonesia, Islamic Republic of Iran, Jordan, Kuwait, Lebanon, Libyan Arab Jamahiriya, Malaysia, Mali, Mauritania, Morocco, Niger, Pakistan, Palestine, Saudi Arabia, Senegal, Sudan, Syrian Arab Republic, Tunisia, Turkey, Uganda.

15. Insurance programmes: (i) Comprehensive short term policy; (ii) Supplemental medium term policy; (iii) Bank Master Policy (covers non-payment risks in connection with IDB's and other Islamic banks' financing operations in accordance with *Shariah*). Eligibility criteria:(i) Exporters and/or buyers and investors may be either of the IsDB, ICIEC member States, corporations and commercial banks with participation of member States; a non-resident juridical person provided that not less than 50% of the shares are owned by nationals of member States. (ii) For export credit insurance: goods must be wholly or partially produced, manufactured, assembled or processed in a member State.

16. Afghanistan, Albania, Algeria, Azerbaijan, Bahrain, Bangladesh, Benin, Brunei Darussalam, Burkina Faso, Cameroon, Chad, Comoros, Djibouti, Egypt, Gabon, Gambia, Guinea, Guinea-Bissau, Indonesia, Islamic Republic of Iran, Iraq, Jordan, Kuwait, Kyrgyzistan, Lebanon, Libyan Arab Jamahiriya, Malaysia, Maldives, Mali, Mauritania, Morocco, Niger, Oman, Pakistan, Palestine, Qatar, Saudi Arabia, Senegal, Sierra Leone, Somalia, Sudan, Syrian Arab Republic, Tunisia, Turkey, Turkmenistan, Uganda, United Arab Emirates, Yemen.

17. Under Murabaha the Bank undertakes to purchase goods directly from the exporter or through the National Agency concerned in the participating member country and then sell them to the importer against a profit

margin to be determined on a case-by-case basis through negotiations, taking into consideration international market conditions applicable to the other trade financing operations of the Bank.

18. As of June 1995, the Bank is owned by five classes of shareholders: Class "A", 22 Latin American and Caribbean Central Banks, or designated governmental institutions (26%); class "B", 251 Latin American commercial banks (19%); class "C", 29 international commercial banks (15%); class "D", the international finance corporation (4%), and class "E", shares issued for public offering and listed on the New York Stock Exchange (36%). The Latin American and Caribbean countries represented through their Central Banks or other designated governmental institutions are Argentina, Barbados, Bolivia, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Haiti, Honduras, Jamaica, Mexico, Nicaragua, Panama, Paraguay, Peru, Trinidad and Tobago, Uruguay, Venezuela.

19. Bolivia, Colombia, Ecuador, Peru, Venezuela.

20. Burundi, Kenya, Liberia, Madagascar, Mauritius, Morocco, Mozambique, Rwanda, Sudan, Seychelles, Swaziland, Tunis, Togo, Uganda, United Republic of Tanzania, and Zambia.

ANNEX II

Questionnaire sent to trade-financing institutions
in developing countries

UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

Export Credit and Guarantee Schemes

1994 Survey

This questionnaire has been filled out by:
name and title of contact person:.....
name of institution:.....
address:.....
place and date:.....

I. Export credit loan facilities (please fill out if your institution provides export credit loans)

1. Please, indicate the names of official export credit loan facilities, including yours and others (if information is available), their status[1] and their terms of export financing:

	name of facility and institution/ agency providing:	status of insti-tution	origin of funds	eligibility criteria and coverage	guaran-tees required	maturity period	rate of interest	collateral required
pre-shipment finance								
post-shipment supplier credit loans								
post-shipment buyer credit loans								
other post-shipment credit loans (please specify)								

[1] For example, autonomous agency, department of development bank/agency, Central Bank department, department of Government Ministry, multilateral public, multilateral private etc.

other (please specify)								

2. Amount of export credit loans disbursed by official facilities:

	currency	pre-shipment finance		post-shipment supplier credit loans		post-shipment buyer credit loans		other (please specify):	
		amount	as per cent of total exports	amount	as per cent of total exports	amount	as per cent of total exports	amount	as per cent of total exports
1991									
1992									
1993									

3. Commercial banks providing credit loans to export sectors in the country (if data are available):
Please, indicate the number of locally owned commercial banks providing export credit loans and the volume disbursed:

	number of banks	currency	pre-shipment finance		post-shipment supplier credit		post-shipment buyer credit lines		other (please specify):	
			amount	as % of total exports	amount	as % of total exports	amount	as % of total exports	amount	as % of total exports
1991										
1992										
1993										

Please, indicate the number of international commercial banks providing export credit loans and the volume disbursed:

	number of banks	currency	pre-shipment finance		post-shipment supplier credit		post-shipment buyer credit lines		other (please specify):	
			amount	as % of total exports	amount	as % of total exports	amount	as % of total exports	amount	as % of total exports
1991										
1992										
1993										

4. What are the main problems, unsatisfied needs, and/or bottlenecks encountered in the field of export credit loans? Is there any plan to change the institutional setting? If yes, please indicate projected date and main elements of change. Please, indicate also your other proposals for improvement.

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II. Export credit insurance schemes (please fill out if your institution is involved in export credit insurance):

1. Please, indicate the names of official export credit insurance facilities, including yours and others (if information is available), their status[2] and their terms of financing:

type of risk covered:	name of facility and institution/ agency:	status of institution	origin of funds	eligibility criteria and coverage	method of calculation of fee payable by the bank	maturity period	collateral required
pre-shipment finance							
post-shipment supplier credit loans							

[2] For example, autonomous agency, department of development bank/agency, Central Bank department, department of Government Ministry, multilateral public, multilateral private etc.

post-shipment buyer credit loans							
foreign exchange risk							
non-commercial risk							
other (please specify)							

2. Amount of exports covered by official facilities:

	currency	pre-shipment finance		post-shipment supplier credit		post-shipment buyer credit insurance		other (please specify):	
		amount	as per cent of total exports	amount	as per cent of total exports	amount	as per cent of total exports	amount	as per cent of total exports
1991									
1992									
1993									

3. Commercial banks providing credit insurance to export sectors (fill out if data are available to you):
Please, indicate the number of locally owned commercial banks providing export credit insurance and the volume of exports covered:

	number of banks	currency	pre-shipment finance		post-shipment supplier credit		post-shipment buyer credit lines		other (please specify):	
			amount	as % of total exports	amount	as % of total exports	amount	as % of total exports	amount	as % of total exports
1991										
1992										
1993										

Please, indicate the number of international commercial banks providing export credit loans and the volume of exports covered:

	number of banks	currency	pre-shipment finance		post-shipment supplier credit		post-shipment buyer credit lines		other (please specify):	
			amount	as % of total exports	amount	as % of total exports	amount	as % of total exports	amount	as % of total exports
1991										
1992										
1993										

4. What are the main problems, unsatisfied needs, and/or bottlenecks encountered in the field of export credit insurance? Is there any plan to change the institutional setting? If yes, please indicate projected date and main elements of change. Please, indicate also your other proposals for improvement.

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III. General policies influencing export financing (credit loans, insurance and guarantees) (please fill out if central monetary authorities and Ministries of Finance)

1. Basic law(s)/regulation(s) influencing export financing

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2. Are there direct subsidies to export financing institutions? yes ☐ no ☐
if yes, please indicate currency and amount extended in 1991, 1992 and 1993
to official agencies: . . . . . .
to commercial banks: . . . . . .

3. Are there tax preferences available for export financing? yes ☐ no ☐
If yes, please give brief description . . . . . .
. . . . . .

4. Exchange and financial controls affecting export finance:
(i) are there restrictions on financing instruments? yes ☐ no ☐
if yes, please, specify . . . . . .
. . . . . .
(ii) is there a surrender requirement applied on export receipts? yes ☐ no ☐
if yes, is it eased on inputs imported for export manufacturing? yes ☐ no ☐
if yes, please, specify . . . . . .

5. What are the main problems, unsatisfied needs, and/or bottlenecks encountered in the field of credit policies? Please, indicate also your proposals for improvement

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IV. National credit policy: (please fill out if central monetary authorities and Ministries of Finance)

1. Please, indicate Central Bank guidelines for commercial banks concerning lending policies
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2. Conditions of credit policy:
Please indicate: (i) if official credit policy is adopted and/or revised periodically
yes ☐ no ☐
if yes indicate period: . . . . . .
(ii) if there is a periodical (e.g. annual) limit to total credit by commercial banks
yes ☐ no ☐
If yes, please indicate period, currencies and amounts . . . . . .
. . . . . .
(iii) in case of a limit to total credit, the decision criteria:
first-come-first-served ☐
sectoral preferences ☐
If so, please name priority sector(s) and their share in credit portfolio in 1991, 1992 and 1993
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. . . . . .
. . . . . .
product preferences/restrictions ☐
name of product and preference/restriction
. . . . . .
. . . . . .
. . . . . .
certain type of economic agent eligible to trade finance (e.g. manufacturer only) ☐
(iv) if there is a limit to pre-shipment finance as percent of export value
yes ☐ no ☐
if yes, indicate ratio or amount . . . . . .
(v) if there are preferences for exporters
minimum quota for export lending: yes ☐ no ☐
If yes, please indicate ratio or amount . . . . . .
lower interest rate: yes ☐ no ☐
if yes, indicate the method of calculation . . . . . .
if subsidies are available: yes ☐ no ☐
if rediscounting is available: yes ☐ no ☐

3. What are the main problems, unsatisfied needs, and/or bottlenecks encountered in the field of credit policies? Please, indicate also your proposals for improvement
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V. Refinancing and/or rediscounting facilities for export credits: (please fill out if your institution provides refinancing and/or rediscounting)

1. Please indicate name(s) of refinancing and/or rediscounting facilities including yours and others (if

information is available):

Name	Status (Central Bank, special funds etc.)	Availability for (e.g.pre-shipment finance, post-shipment finance supplier credit etc.)

2. Please indicate the previously determined amount of rediscounting in absolute terms and as percentage of banks credits to exporters in:
1991 . . . . .
1992 . . . . .
1993 . . . . .

3. Is there a conditionality for rediscounting (i) on bank fulfilling certain credit quotas?
yes ☐ no ☐
If yes please specify: . . . . .
. . . . .
(ii) on other criteria (please specify): yes ☐ no ☐
If yes please specify: . . . . .
. . . . .

4. Please describe the criteria and method of calculation of (i) discounts and of (ii) interest rate(s) charged: . . . . .
. . . . .
. . . . .

5. Actual volume of refinancing (please indicate currency) and as percent of the amount of bank credits to exporters in:
1991 . . . . .
1992 . . . . .
1993 . . . . .

6. What are the main problems, unsatisfied needs, and/or bottlenecks encountered in the field of refinancing/rediscounting? Please, indicate also your proposals for improvement.
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VI. Guarantees to a commercial bank lending funds to exporters (please fill out if your institution provides guarantees)

1. Name of official export credit guarantee agency(s)/ institution(s) and its (their status): . . . . .
. . . . .

2. Type of coverage of the official guarantee scheme:
- pre-shipment loans ☐

- post-shipment supplier credits ☐
- post-shipment buyer credits ☐
- other post-shipment credit (please specify) ☐

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- other type of loans (please specify) . . . . . .

3. Please give details on the terms and conditions applied regarding:
(i) the method of calculation of premium or fee payable by the bank . . . . . .
. . . . . .
. . . . . .
(ii) total limit for the issue of guarantees . . . . . .
. . . . . .
(iii) is the Central Bank or the Government deemed to be the "guarantor of last resort"?
yes ☐ no ☐

4. Source of funds for the guarantee scheme, please indicate percentage breakdown: . . . . . .
. . . . . .
. . . . . .

5. Please, give the number of private guarantee schemes to a commercial bank lending funds to exporters: . . . . . .

6. Type of coverage of the private guarantee schemes:
- pre-shipment loans ☐
- post-shipment supplier credits ☐
- post-shipment buyer credits ☐
- other post-shipment credit (please specify) ☐

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- other type of loans (please specify) . . . . . .

7. Collateral (mortgage, third party's guarantee etc.) requested for
simple L/C: . . . . . .
confirmed L/C: . . . . . .
firm export order without L/C: . . . . . .
draft: . . . . . .
promissory notes: . . . . . .
payment orders: . . . . . .
others (please specify) . . . . . .

8. What are the main problems, unsatisfied needs, and/or bottlenecks encountered in the field of private trade finance and guarantees? Please, indicate also your proposals for improvement.
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VII. Co-financing and international cooperation (please fill out if your institution carries out co-financing)

1. Co-financing with commercial banks
Please indicate number of co-financing deals with commercial banks in
1991 . . . . . .
1992 . . . . . .
1993 . . . . . .

Please indicate currency, amount and percentage participation in
1991 . . . . . .
1992 . . . . . .
1993 . . . . . .

2. Co-financing with regional and international institutions
Please indicate name(s) of international institutions and dates of deals

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Please indicate currency, amount and percentage participation . . . . . .
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3. Other joint activities with regional and international trade-financing, guarantee, and/or insurance institutions. Please describe them in detail

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VIII. Forfaiting, factoring, secondary trading of trade papers (please fill out if your institution is involved in these activities)

1. If your country/region has an already functioning scheme for forfaiting, factoring and/or secondary trading of trade paper, please describe it briefly

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2. If your country/region has a proposal in this field, please describe it briefly

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IX. Technological development: the use of international automation and settlement facilities

1. Please provide information on the use of international automation and settlement facilities (e.g. SWIFT) by your banking institutions which provide export finance services . . . . . .
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X. Ideas for prospective regional and international cooperation

1.Please comment your ideas, without formal commitment, for future improvement in trade financing, guarantees and insurance in your country, region or the world . . . . . .
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2. Please comment on your ideas for regional and international cooperation including prospective technical assistance and improvement of donor participation . . . . . .
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